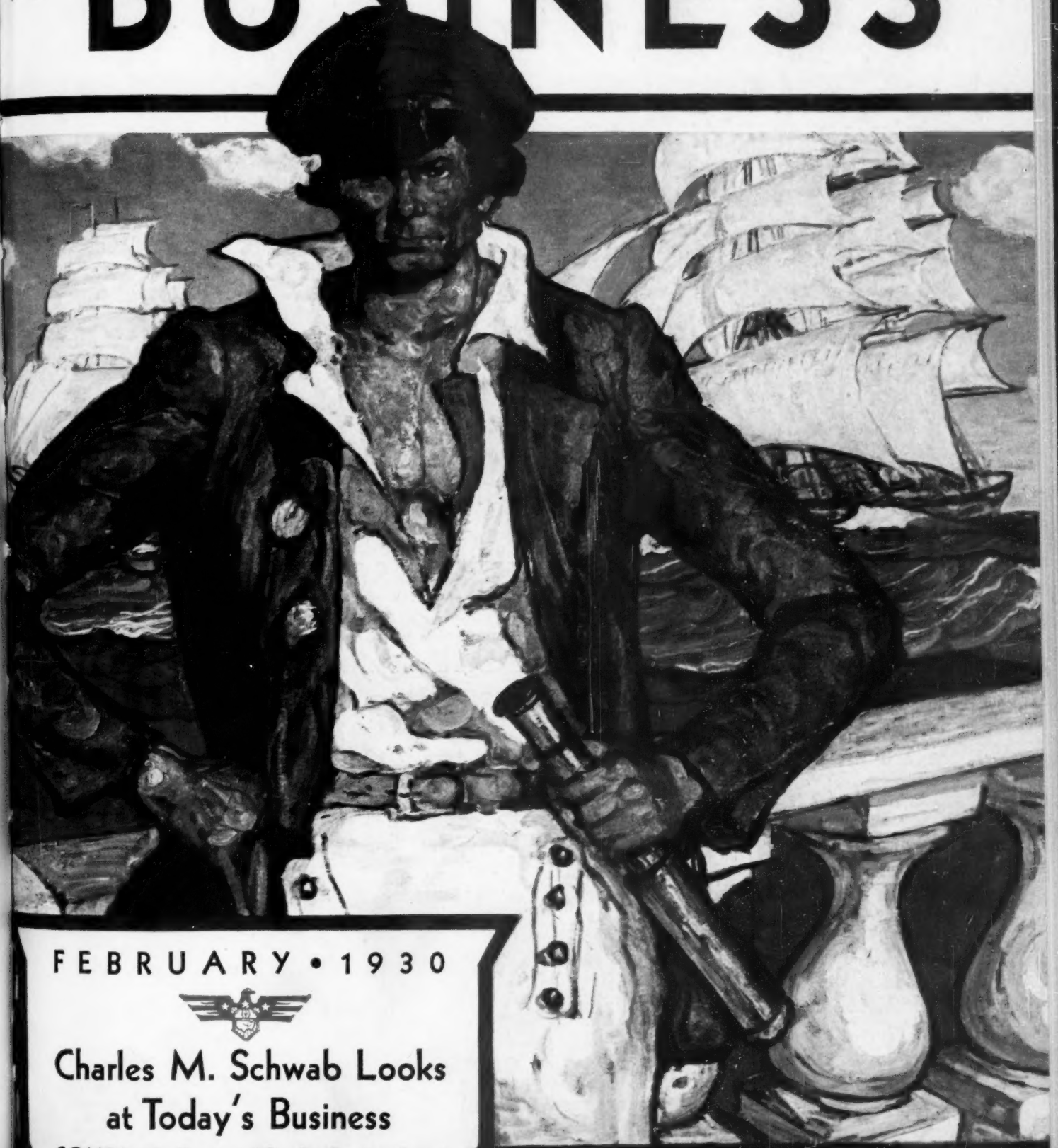


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NATION'S BUSINESS



FEBRUARY • 1930



Charles M. Schwab Looks
at Today's Business

COVER • The Pioneer of Our Sea Trade • Page 6

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DODGE TRUCKS

NATION'S BUSINESS for February

VOLUME 19



NUMBER 2

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As the official magazine of the National Chamber this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

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In the March Issue

WHEN a New York banking firm, considering purchase of stock in a corporation operating in Russia, wanted a true picture of conditions under the Soviet, it sent Bernhard Knollenberg, of the law firm of Lord, Day & Lord, to Russia to study conditions. From the information he gained, Mr. Knollenberg prepared an article which will appear in NATION'S BUSINESS in March. In it he analyzes Russian conditions as they affect business men or companies planning either to enter the country as concessionaires, or to sell products there.

The system of dams which insures a nine-foot stage in the Ohio River is completed, greatly augmenting the nation's transportation system. John W. Love, a trained newspaper man contributes an article describing this system and its probable effects on railroads and commerce.

We have heard a great deal lately about the high cost of distribution and efforts to reduce it. Gen. Otto H. Falk, president of Allis-Chalmers Manufacturing Company, however, sees no reason to reduce that cost. High distribution cost is a good thing, he says, and has prepared a thought-provoking article supporting his belief.

THIS MONTH'S COVER

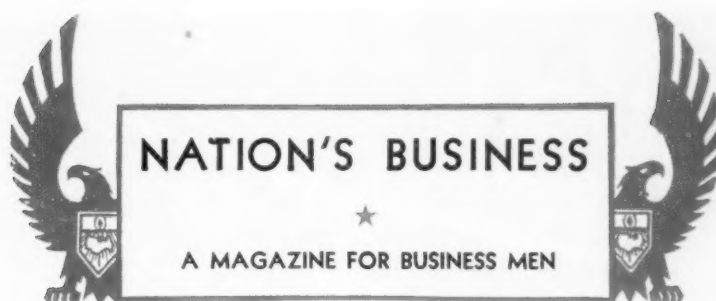
Painted by Harvey Dunn

GOLDEN CALIFORNIA beckoned in the West and in the East willing thousands were hearkening. "To California—quickly," was the cry.

In answer there appeared over the far horizons, from China where they had been beating the British in the tea trade, from the North Atlantic, from the coast service, those gale-riding, ship-driving sons of the sea, the Pioneer American Ship Masters.

They took the gold seekers to California—90,000 of them in a year—took them at desperate, ship-wracking speed. They were used to speed. Already their ships' sharp bows had carved out new records for quick communication, their white wakes had threaded the oceans with new routes of commerce.

Steam ended their supremacy, but not until they had given the United States a respected place on the sea, not until the thousands they carried had hacked a new California out of the wilderness. This cover is dedicated to those salty pioneers.



And the End is Not Yet

RETAIL dealers in a great convention, "after an exciting debate," attack a new tendency which they say "will result in oppression of the public by suppressing competition and causing the consumer in the end to pay higher prices and ultimately create a monopoly."

"And, further, that it will close to thousands of energetic young men who lack great capital the avenues of business which they should find open to them."

The convention calls upon "all manufacturers and wholesalers to sustain the retailers by refusing to sell goods" to these other dealers.

The Springfield *Republican*, a conservative paper, commenting on this action, says,

It is not, of course, a pleasant prospect to the small merchant—this progress of events dragging him in behind the counter as a salaried employee; a little spoke in a big wheel.

It is repugnant to the democratic spirit.

But it is no more than what the independent worker has been subjected to in the last fifty years. One by one, and hundreds by hundreds, have been dragged from self-employment over the ruins of an independent business, into the narrow dependency of corporate employment. Meantime the ranks of Socialism grow.

And the end is not yet.

It is not courteous nor fair to mislead the reader any longer. The resolution was not directed against the chain store or the modern merger. The convention which passed the resolution was held in 1895, and was directed at the budding department store!

Deep currents of commercial evolution are as irresistible, if not so showy, as the dramatic tides of industrial revolution. To the retailer of 1895 the department store idea was as ominous as the "chain" plan is to the independent of our times. So the men of an earlier day viewed with alarm the Hanseatic League, the East India and Hudson's Bay companies, and the organized merchant adventurers of the thirteenth and fourteenth centuries.

Yet against all dire forebodings and dismal prophecies the individual has survived. The explanation then as now is the same. Personal relations in trade will continue to be a bulwark against which large combinations will batter in vain.

Nor does the personal relation apply only to the placid pool of village life where every man, woman, child and dog is known and called by name. No, the personal touch is as possible and practical in the teeming impersonal life of the great city where neighbors are strangers.

Out of the welter of discussion thirty years ago the most accurate statement was:

And the end is not yet.

Each generation has its dreadful hippogriffs of change. Charles F. Kettering, of General Motors once remarked, "the average man doesn't like change, and the business man hates it a little more than others."

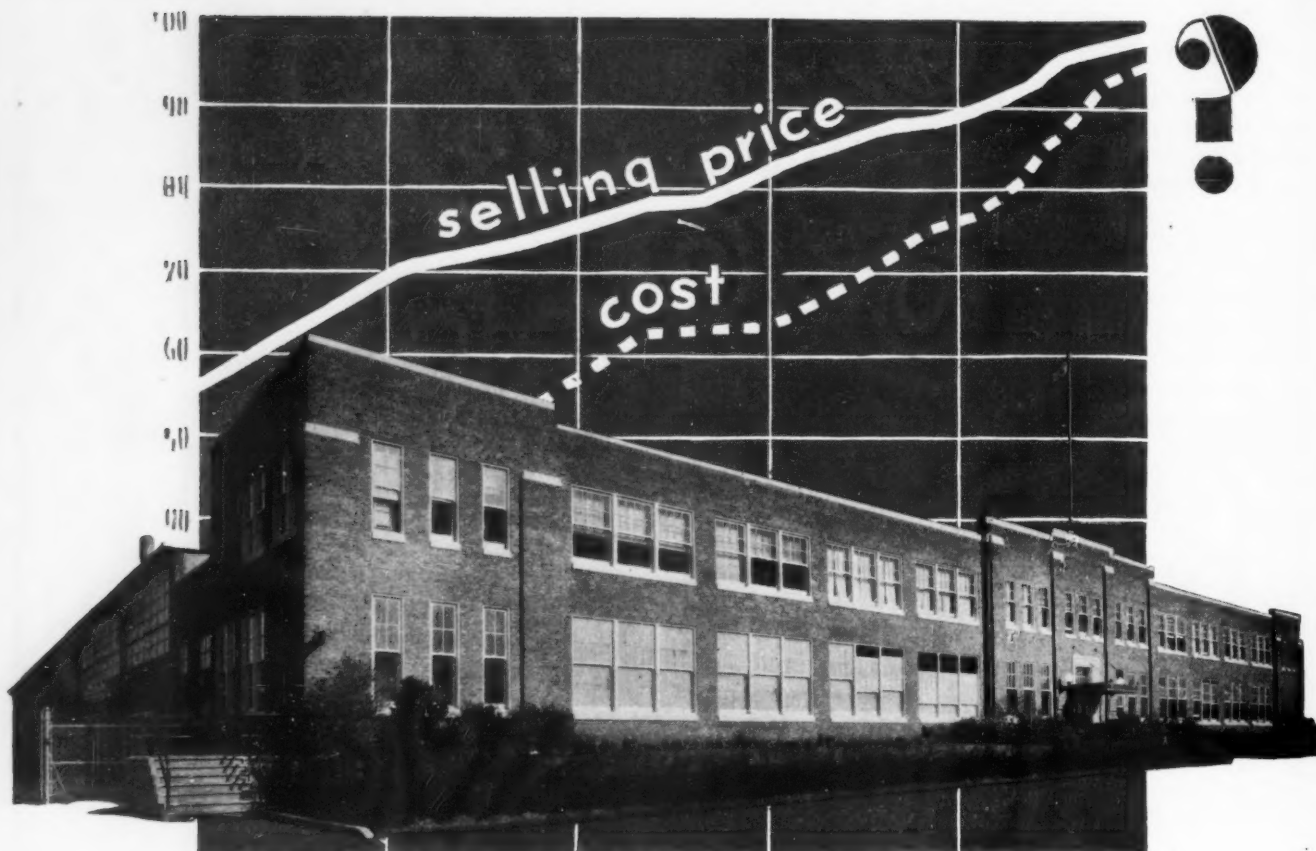
But change is the immutable law. The innovations of one age become the familiar practices of the next. Revision, remodelling, progress everywhere! The inexorable pressure of the new, the fresh, the original!

We may defy, we may protest, we may issue ultimatums, we may pass resolutions—even laws, we may sulk in silence, yet the world does move and the directing force of human activity is forward. The months of this new year are no more of a problem than the twelve months of the past.

Human nature is still the same. The grasshopper and the ant preach their age-old sermons that Aesop wrote down. Possibly there is some competition in which survival is not to the alert and industrious. The oyster does not worry about competition.

But the eagle is still our national emblem.

Merce Thorne



When the margin between cost and selling price grows too small, the solution may lie in a modern plant. This one, recently designed and built by the Austin Method, was completed in 60 working days.

1930 . . . Modernization Year in Industry

ALL signs indicate that the industrial concern which comes to the end of this year without a completely modernized plant or plants will be more seriously handicapped than ever in doing a profitable business.

To many concerns, this urgent program will mean a complete new plant . . . perhaps in an entirely different location, more favorable with respect to markets, sources of supply, labor.

Branch plants or warehouses, strategically located, will be the answer for some. Revamping of or extensions to present facilities will serve for others.

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completion just as it has done for many of the nation's industrial leaders.

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NATION'S BUSINESS



Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

As the Business World Wags

THUS WE SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It*

Business a National Unit



THE Business Survey Conference, which was called at the suggestion of President Hoover and which met with the United States Chamber of Commerce on December 5, has passed on its work to two groups of business men.

One is an executive committee of 20 men which meets on January 23 as this magazine is being printed.

The other is a larger advisory group of 150 upon whom will fall two major tasks. One is to keep their associates and the executive committee advised of conditions in the industries the 150 represent—and that means practically every industry in the United States. The other is to carry back to their industries such suggestions and judgments as may come from the executive committee or from other helpful sources.

It is an interesting organization that has thus been set up. Its value lies largely in its sensitiveness to business conditions, in its ability quickly to collect information and opinions and quickly to consider and to relay back such plans as may be helpful for the general purpose of maintaining a high level of business activity.

If we should liken the executive committee to a General Staff of a business army, the advisory committee might be termed a Division of Information and Communication.

When the historian of business comes to write the record of 1929 and 1930, whatever he may say of the accomplishments of this movement, he will at least have to write that it gave to American business a sense of national unity which it had never had before.

Redrawing a Railroad Map



THE submission by the I. C. C. of a new plan to consolidate the railroads of this country and some of Canada into 21 systems is apt to leave the everyday business man unmoved. He may recall that in August, 1921, the

Commission prepared a tentative plan for 19 systems, that Professor Ripley added one of 22 and that other plans were presented.

The current plan is still only a "plan." Commissioner Eastman who does not approve of it all, had this to say of its status:

I concur . . . because it has many good features, because it is necessary under the law to adopt some plan and because it is not very important, after all, whether or not it is the best plan that could be devised. . . . The plan is very little more than a procedural step. There is nothing compulsory about it, nor even any assurance that authority will be sought to carry out the consolidations which it proposes. Applications for authority to effectuate certain unifications are now before us which in many particulars are inconsistent with the plan. The important time will come when we take action upon these and similar definite applications.

It is interesting to note that nine years have passed since the Transportation Act instructed the Commission to prepare a plan "as soon as practicable," and eight years since the tentative plan was issued. Six of the eleven men who helped to make the tentative plan are no longer on the Commission.

The Terminal Problem



THE Interstate Commerce Commission in giving out its twenty-one-system plan stresses these two things; the importance of terminals and the problem of holding companies. Both factors it says must be considered in acting upon any proposal for consolidation. Of the former the Commission's report says:

We think that consolidation should be accompanied by the unification of all terminal lines in the respective terminals. All terminal properties should be thrown open to all users on fair and equal terms. . . .

Here's a significant sentence on holding companies:

Under the Act any plan of consolidation which may be adopted shall preserve competition as fully as possible. . . . The continuation or acquisition of inter-system interests directly or indirectly through holding companies, stock ownerships or otherwise, will be inconsistent with the independence necessary to true competition.

What Are Powers of the I. C. C.?



OUTSTANDING among recent items of railroad news was the order of the Interstate Commerce Commission to the Union Pacific to construct an extension of 185 miles to connect that railroad with the Southern Pacific.

The Union Pacific doesn't want to build the line. It doubts if such a line would pay and would cost a lot of money—variously estimated at from nine to twelve millions.

Residents of Oregon want the line built contending as the Commission's report says, "that the development of central and western Oregon is being seriously hampered due to the absence of an east and west line of railroad across the state."

Those who want the new line and the railroad which doesn't want to build it are far apart in their estimate of possible revenue. The Public Service Commission of Oregon says that revenue "originating on and destined to points on the proposed line" would be \$250,000 in the first year. The Union Pacific says it would be \$98,000.

And the dialogue must be put like this:

Commission: How about building a railroad east and west in Oregon? Oregon needs it.

Railroad: Oh, no. It won't pay.

Commission: Well, it'll pay in time. Go ahead and do it.

And so the Commission has ordered the road built, a striking instance of the Commission's interpretation of the power which it acquired from Congress, its creator.

As in so many other cases the federal courts have yet to pass on the Commission's order. Commissioner Farrell, long the general counsel of the Commission, put his view bluntly when in dissenting he said:

"I find nothing in the Interstate Commerce Act which appears to me to clothe us with authority to require a carrier subject to the Act to construct a new line of railroad."

Wall Street Gambling Curbed!



FOR YEARS the legislative chambers at the Capitol have reverberated with impassioned denunciations of Wall Street gambling. The turbulent invective of Heflin, the searing vitriol of Brookhart, the grim satire of Glass and the pitiless philippics of Borah have poured in unremittent persistence upon that abode of lost souls. The pulpit itself has joined in the assault upon this sore of iniquity which is suffusing the great soul of Gotham with its sinister venom.

There is a limit to all things. Even the thick hide of official New York cannot survive forever the steady stream of barbed criticism. Stung beyond endurance they resorted to summary measures to purge the great city of this thing of evil. On Thursday, December 13, Wall Street, that unchastened purlieu of the devil, was startled by the harsh and discordant clang of a police patrol. Before the street's most massive structure, a

spire of steel and masonry piercing the blue heavens far above, the vehicle of the law came to a stop. Blue-clad figures leaped out. In no time at all a string of malefactors with heads bowed in shame were led forth to answer at the bar of justice. They, thirteen of them, had been caught in the act—shooting craps in the Manhattan Building then in the course of construction.

What material this should be for the agitators! When the poor man bets a dime on the galloping ivories he is sent to the jug. Across the street the rich man wagers millions on the dancing symbols of the Stock Exchange with utter impunity.

Shoes Under Two Flags



DATA for an editorial:
"There are 150,000,000 people in Russia. Many if not most of them, have no shoes. Imports are forbidden or severely restricted. Russia herself produced only 20,000,000 pairs of boots to cover 150,000,000 pairs of feet in 1925."

George Sylvester Viereck in the
Saturday Evening Post of Nov. 30, 1929

"The people who bought fifty million pairs of International shoes in this year saved lots of money."

Advertisement of the International Shoe Company
in the *Saturday Evening Post* of Nov. 30, 1929.

Any reader may now write his own editorial.

A Civilization Built on Speed



ONE of the great family of Adamases—John Quincys and Johns and Samuels—who have helped to make American history even to this day, visited the venerable Charles Carroll of Carrollton in the early part of the nineteenth century. He recorded in his diary of the visit that at the time of the meeting, nothing had been heard from Europe in 59 days.

Now to telephone to Paris is a matter of minutes, and communication to ships at sea by voice has been added to the achievements of science. And the speed with which we can propel thought is rivaled by the speed with which we propel our bodies. Here's an instance:

At 9 p.m. one Saturday night recently, a business man sent a radio message from Los Angeles to the steamship *Munargo* of the Munson line then off the Florida coast. The next morning he took a Transcontinental Air Transport plane eastbound. Over Kingman, Ariz. at 10:30 that Sunday he got an answer, again by wireless. Forty-eight hours after he left Los Angeles the traveler was in New York to carry on a project which was set on foot by a radio from Los Angeles to a moving ship and answered to a man in full flight over America.

And that, as the small boy would say, is "going some."

To Double Our Stomachs



IN THE course of a discussion by the Senate of tax reduction, Senator Norris of Nebraska referred to a recent radio speech of Julius H. Barnes, Chairman of the Board of the Chamber of Commerce of the United States.

Senator Borah of Idaho interrupted him by saying:

I read only yesterday that the American people eat per day only one-half the amount of bread that is eaten in France and England and other countries. If Mr. Barnes had made an earnest plea to double the amount of bread which the American people eat, it might have helped the American farmer.

MR. NORRIS:—Suppose Mr. Barnes should have said there, as he ought to have said, "While you are buying 2 phones, while you are buying 2 automobiles, buy 2 pounds of butter where before you bought only 1."

The Senator from Nebraska and the Senator from Idaho present an interesting theory, but they fail to carry it far enough. Let us eat

Twice as much bread

Twice as much butter

Twice as much meat

Twice as many vegetables

Twice as much sugar (provided it is American beet sugar)

Twice as much fruit (but not bananas or other fruit grown on foreign soil).

And twice around the waist (or waste) line!

"If France and England and other countries" eat more bread than we do, isn't it partly because they eat less meat, and if we eat more bread and butter we shall certainly eat less meat and vegetables. Far be it from us to set up a diet for the American people; to set up a ratio of meat and sugar, of bread and butter, of fruit and fresh vegetables. There are plenty of doctors and dietitians ready with solutions.

Why Not Plug Cut?



IT remained for James C. Stone, vice-president of the Farm Board, to carry to its logical end the Borah theory of helping the farmer by increasing individual consumption of farm products. He proposes to reduce tobacco taxes, insisting that increased use will reduce any financial loss to the Government. Here's his proposal:

While the consumption of cigarettes is increasing, the consumption of other tobacco products, notably chewing and smoking tobacco, is declining.

Formerly when a man bought a plug of tobacco to chew he got a good-sized piece that enabled him to be generous in sharing it with his fellows. Now, largely due to the tax, the plug commonly used does not contain more than a half dozen good chews.

The buyer, formerly liberal with his plug, now seeks privacy when he takes a chew in order to avoid sharing it with others, and this has affected demand in such a way as markedly to cut prices paid to the grower.

Farmers' Share in Our Income



THE National Bureau of Economic Research issued in mid-December a further report of its studies of the National income which it has carried on for some years. Its figure of realized income for 1928 in the roundest of round figures is \$89,000,000,000 as against \$29,000,000,000 in 1929.

Each reckoning is in current dollars but, however one reckons it, the figures are large and impressive. How accurate they are we leave to economists and statisticians in and out of the Bureau to argue about.

Take the figures for the moment at their face value and we get a tremendous picture of the decline in relative importance of agriculture in the United States.

In 1909 agriculture yielded 17 per cent of our national income. In 1918 it was 18.5 per cent and in 1919, a year in which agriculture reached its highest gross returns, it was 18 per cent, manufacture having gone ahead at a still more rapid pace.

The percentage had shrunk in 1921 to 11 per cent and in 1928 it was but little more than 9 per cent.

One-sided Bargains



SOME years ago this story (perhaps untrue but serving to illustrate a point) was told of the manufacturer of a very widely used food product:

He was approached by a group of distributors who complained that his prices to them and the generally accepted retail price of his product were so near together that there was no profit.

His answer was widely repeated to this effect:

"My advertising and my promotional efforts are, and are going to be, so effective that you'll have to carry my product whether you make money out of it or not. It is going to be like stamps in a drug store. There's no money in 'em but folks won't patronize a drug store that doesn't keep 'em."

In passing it may be remarked that many drug stores now sell stamps by a vending machine which perhaps yields a small profit.

Such an attitude on the part of a manufacturer seems almost incredible now. What chance would a maker of oatmeal or a packer of prunes have if he took that attitude towards one of the large food chains? Or a manufacturer of hairpins in dealing with Woolworth, or of shoes in dealing with the Penney stores?

Now the complaint is quite as apt to come from the manufacturer that the retailer is driving him to the wall.

A chain-store man discussing this situation the other day said:

"Oh well it takes two to make a bargain."

But does it? Perhaps there are some bargains—at least some agreements—which aren't really made by manufacturer and retailer but by one alone and that one the more powerful of the two.

Chain Stores and Chambers



THE so-called chain store menace is far less acute in the Western States than is the case this side of the Mississippi, according to reliable observers. The chains are in the West, and thriving too, but so are the independents. They work hand in hand in the local chambers of commerce. Chain store executives are often speakers at important distribution meetings. Undoubtedly there is a connection between the healthy state of the independents and the fact that chain store men are looked on as colleagues.

In one city the local grocery chain units belong to the chamber, while less than ten per cent of the independent grocers had taken out memberships. The old

charge that chains do not take sufficient interest in community affairs is happily growing less general. Chains are taking their rightful place more and more in the East as well. In some cases it is undoubtedly the independents who are remiss, as in the case in point.

It might be suggested to chamber secretaries that they figure out the percentage of chain units represented, and the percentage of independent merchants in the chamber. In case it was found that the drug chains, for instance, were ahead of the independents in percentage represented, that fact should be a powerful stimulant toward getting more service druggists into the fold. Perhaps it would work the same way if the independents made the better showing, in bringing the chains into line.

14 Per cent Drug Stores



THE jest that a certain young man failed to pass his course in pharmacy school because he just could not learn to make sandwiches is perhaps more true of stores than it is of students. The chemist shop of older days seems definitely relegated to the limbo of institutions which have passed, along with the blacksmith shop and the tonsorial parlor where cupping and leeching were done.

Almost no drug store today can hope to meet real competition unless it is prepared to make a department store and a restaurant out of itself as well as a source for healing medicines.

Drug Topics estimates that the annual volume of business done by the 57,812 independent and the 4,053 chain drug stores of the country is almost two billion dollars. The percentage of this business is distributed over the following commodities, according to that magazine:

Proprietaries	28%
Soda Fountain and Candy	20%
Sundries and Miscellaneous	18%
Toilet Goods	15%
Prescriptions, Drugs	14%
Cigars and Cigarettes	5%

The best brains of the wholesale and retail drug field are working on the problem suggested by those figures. It is to be surmised that changes in merchandising methods will still be found, particularly with the independents. The mergers of the last few months are attempts to find the answer. More mergers are in the cards.

The best battles of business are not fought out in conference rooms, but in everyman's own neighborhood.

NATION'S BUSINESS is edited primarily to give information on what the other fellow is doing in his business that is interesting and important. The growth of a new idea in retail selling may not be news to retailers, but it may be decidedly valuable to a manufacturer or wholesaler. And an account of what pure science is doing for business may have unsuspected value for a great distributor who may be selling the products tomorrow which are being developed today.

Scattering Another Dime



LAST September this magazine commented on the fact that John D. Rockefeller, Sr. had been a member of the Cleveland Chamber of Commerce since 1870, and offered "a bright new dime to the endowment fund of any chamber which will produce a member with a record of more than 59 years in the organization."

Already we have spent one dime on the Chamber of Commerce of the State of New York, since David Dearborn, still living at 97, was chosen a member of that organization on November 2, 1865.

Now comes Saginaw, Michigan, with a still longer record. The secretary of the Saginaw Board of Commerce, Mr. Charles W. Haensel, writes us:

Have you another bright new dime handy?

The Honorable Benton Hanchett was elected to membership in the Board of Trade for the Saginaw Valley on April 19, 1864, just two years after the date of organization of this organization and its predecessors, and has continued both his membership and his activities from that date to this.

Mr. Hanchett now in his ninety-fourth year, is dean of the Saginaw Bar, hale and hearty and active as chairman of the Board of the Bank of Saginaw, as well as actively interested in every community and welfare project.

A record of 65 years and ten months in an organization ought to take some beating.

Diversification in Industry



CERVANTES told us that "it is the part of a wise man not to venture all his eggs in one basket" and Mark Twain, two or three centuries later, reversed the advice and made Pud'nhead Wilson tell humanity "to put all its eggs in one basket and then watch the basket."

Business has its advocates, both of the one-watched-basket and the several-basket theory. Diversification has its evangelists while others are preaching the gospel of limitation of styles and standards. The farmer hears the blessings of diversification and at the same time his attention is called to the shining example of large-scale, one-crop farming.

Some of our largest corporations seem of late years to have adopted a policy of diversification. General Motors is an example. To automobiles, trucks and accessories, it has added electric refrigeration, airplanes and radios. DuPont is another familiar example. It makes dye stuffs and paints and lacquers, waterproof textiles, artificial leathers and heaven knows what.

The Radio Corporation of America moves over toward the amusement industry. The company that makes Gold Dust washing powder makes also shoe polish and food products, while the historic name of Colts once found only on pistols and revolvers is now linked with adding machines and dishwashers.

"Trend" is an overworked word and perhaps there is no trend toward diversification in American industry, but it is natural that a business in these days of change should protect itself against the possible drying up of the market for a single product. As David Sarnoff pointed out in his article in the January NATION'S BUSINESS there is a competition which stops short of nothing less than the complete wiping out of an industry.

Yes, We Can Operate Our Own Ships



By Herbert Corey

ILLUSTRATIONS
BY EDWARD A. WILSON



IN NATION'S BUSINESS for November William McFee submitted the opinion that the United States cannot build up a merchant marine. A great many persons did not agree with him. Among them was Herbert Corey whose disbelief led him into some research on the subject of American shipping. This is what he learned

WE have a tradition of the sea in our family—

Our tradition has nothing to do with heroism or love. The original Corey succumbed to a hearty thump on the back of his head just before he went to sea and the tradition is that he stayed under hatches with the most enduring case of seasickness recorded in nautical annals. The rest of the tradition is that when he reached America he went way inland and stayed there.

"Sailors keep off," was the notice posted on his farm. "The dogs bite."

There is a reason for this genealogical confession even if there is no glory in it. In 1916 a near friend at Salonica was Capt. Albert Kinross, in charge of the British Remount Station if there were any remounts. He had another friend, a ship's engineer who

wrote fiction and it was Kinross's desire that I meet William McFee if the submarines spared him.

"He smokes an even fouler pipe than you do," said Kinross. "I think it's fouler. I'd like to make sure."

For this reason and because I like what he writes I have taken a familiar interest in Mr. McFee. We are linked by that tradition I have revived, too. Both of us come from seafaring families. The McFee family fared more than my family fared but my family fared all it wanted to fare. When I read Mr. McFee's statement in the November NATION'S BUSINESS that the United States has no merchant marine and may never have because, among other things, it lacks a seafaring tradition, the blood of that early but nauseated Corey roared through my veins.

I checked up on Mr. McFee. Here are some of the



- "IT IS true that our seafaring tradition has been almost forgotten but, if there is one thing America has gotten along without, it is tradition. However, if tradition is important, we had it once. Our clipper ships ran the British ships ragged in the China trade. We had the first of the steamships, too"

things I discovered: We have a fairly good mercantile marine now.

We are rapidly getting a better one. "In ten years," writes J. D. Finlayson of Los Angeles, "I dare predict that we will have the same secure place in the ocean lanes that we had in the days of the clipper ships."

Our marine is growing

IN 1913 there were but six smallish steamers on the North Atlantic run. Now the United States Lines has 11, headed by the great Leviathan. It is worth noting that the Leviathan carried more passengers into Cherbourg this season than any other of the "monster" liners. This company will build more liners as required to care for its increasing business. Two of them, if and when built, will be the finest and fastest in the world.

There are 50 first rate freighters in the North Atlantic, although in 1913 there were none. Then we had no Mediterranean service and now 50 fine freighters are at work and four passenger ships are being built for the business that is coming. In 1913 one small steamer trudged along the east coast of South

America where now are four 14,000 ton ships and more than a score of freight carriers. That tale is repeated on the west coast of South America. The stumbling freight service between our east and west coasts with transshipment by rail over the Isthmus of Tehuantepec has given place to a service of eight passenger ships and more than 150 up-to-date freighters.

We have a round-the-world service doing capacity business and a trans-Pacific establishment in which ten 14,000 ton liners have replaced the four old-timers of 1913, with two of 25,000 tons in construction.

The American Steamship Owners Association reports 708 ships totalling 6,300,000 dead weight tons, embracing 31 lines in coastal service, 43 in foreign trade and 25 in inter-coastal commerce. Twenty-eight steamers are being built and 47 are in contemplation.

No doubt the Jones-White law which has made these things possible will be amended or interpreted from time to time. Living organisms alter as they grow. A lack of clarity and differences of opinion over its inner meaning have compelled prospective builders to hold back until uncertainties have been

solved. For all that—and in spite of the fact that the Jones-White law does not erase the differential which has always favored the foreign ship lines—the mercantile marine of the United States is real and prosperous.

"We only ask an even break," American ship owners say. "If we get that we know that we can get the business. Seventy-five per cent of the trans-Atlantic passenger business originates in the United States. Every advance in steamship luxury has been in obedience to the American demand."

It is true that our seafaring tradition has been almost forgotten. For half a century we were otherwise engaged. If there is one thing that America has gotten bravely along without it is tradition. Edison began without one and the Wrights and Ford and Harriman.

Patriotism and the pocketbook

TRADE is ruled by economic law. Man is in trade to make money. He likes to recite patriotic pieces and stand hat in hand as the good old Stars and Stripes—or the Union Jack—flutters to the deck at sunset, but he is not prepared to pay extensively for that privilege. If the profit seems fatter elsewhere he will go to it. Our merchant marine went to pot in the middle of the last century because so many other things offered.

Our clippers ran the British ships ragged in the China trade. The Sea Witch's passage from China to New York in 77

days has yet to be beaten under sail. During the California gold rush British ships were idle in the Eastern ports, anxious to take Liverpool freight at \$14 a ton of 50 cubic feet while the sky-sail-yarded Yankees were being paid \$40 for a ton of 40 cubic feet and a \$6 bonus for speed. In 1851 the Flying Cloud slipped through The Heads of San Francisco in 89 days out from New York. No sailing ship ever beat that speed. Only one other Yankee ever equalled it.

The worship of white sails

WE HAD plenty of sea tradition in those days. "Sheets were padlocked and halyards racked." Lee rails lay under water for days. We were so set up over our fast ships that we closed our eyes to economic law. We sniffed at the steam kettles that were blubbering out to sea.

If tradition is important we had the first of the kettles, too. In 1819 the Savannah slapped over to London and on to St. Petersburg and home again to New York. But we were entranced by our mountain peaks of gleaming white cotton and steam navigation remained dormant for 19 years until as Lindsay says, "Britain had to take up the new ship or abandon the sea."

In the years that followed she learned

to build iron ships and we did not. In 1840 Britain subsidized four steamship companies to operate to ports in the United States, India, the West Indies and South America. From that moment her power began to mount and American seapower to wane.

"It is an historical fact," said Commissioner Edward C. Plummer of the Shipping Board, "that every nation which has had a real merchant marine has paid for it in some form. It may be cheap labor or coal or ore—or subsidies and discriminating duties."

By the end of the war between the states the American merchant marine had shrunk more than one half, although not by physical destruction. Approximately 2,175,000 tons had been sold and the Confederate raiders accounted for 105,000 tons. The ship-building industry had declined in even greater proportion.

The tearful-minded think the story of the shrinkage in American shipping is a sad one. I cannot see it that way. Not even a large hen can cover too many eggs. California gold fields were calling. Alaska came later. The South was to be reconstituted after the war. The western mines and prairies were being opened. Oil fields began to spout. Railroad building was being forced on us by necessity. Cities grew like balloons.

We read the story today with passionate pride. The clatter of top-hatted gentlemen hammering golden spikes mingled with the resentful whoop of the Indian and the rip of virgin sod.

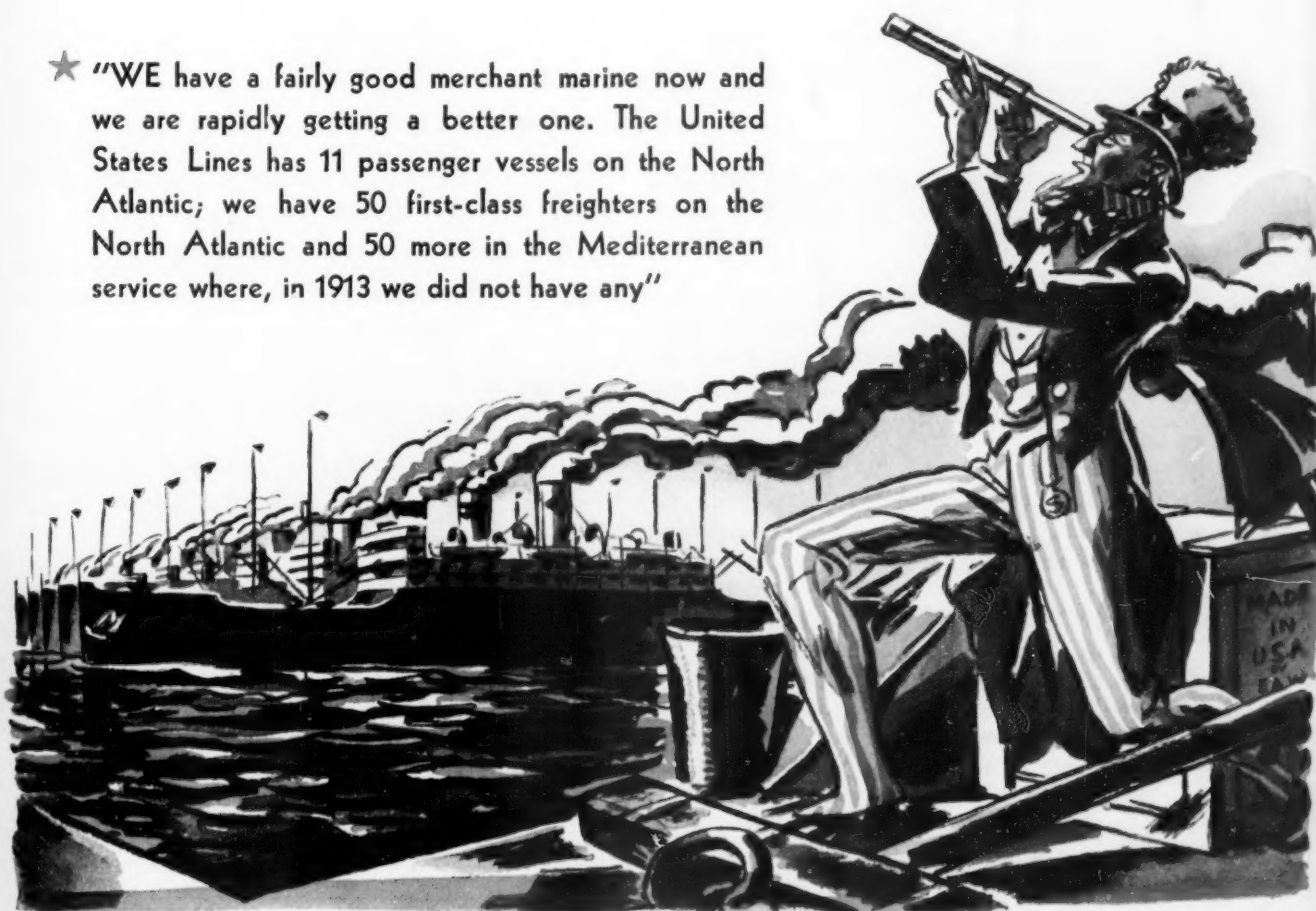
Our interests were on land

IT WOULD have been pleasing, of course, if we had kept our mercantile marine alive. We merely did not have the men or the money. Economic law was at work. When a farmer has but one team and needs some hauling in the midst of harvest he hires a neighbor. Congress made gestures about our fading fleet but we were not interested. Pittsburgh's high stacks gilded the black nights. Lucky Baldwin uncovered millions with his pick. The pony express gave way to 40-horse headers threshing their dusty way through vast wheat fields. Architects planned taller buildings. We played with power and glory.

Sober men warned us that we should one day need a fleet but we did not take the warning. In 1843, an American warship demonstrated the superior value of the screw propeller. In 1866, John Willis Griffith launched the first twin screw vessel. Tradition? Of course we had tradition in those days. But we

(Continued on page 176)

★ "WE have a fairly good merchant marine now and we are rapidly getting a better one. The United States Lines has 11 passenger vessels on the North Atlantic; we have 50 first-class freighters on the North Atlantic and 50 more in the Mediterranean service where, in 1913 we did not have any"



SINCE LAST WE MET ★

DECEMBER

- 11 • **CONSTRUCTION** contracts, reported by F. W. Dodge Corporation for November and covering 37 states east of Rockies total \$391,000,000, a drop of 17 per cent from November, 1928.
 - 12 • **THE WOOL INSTITUTE** announces that 175 mills have publicly declared that they will hold to listed prices on reorders and new business on spring goods. A drive against price cutting.
 - 13 • **THE INTERSTATE Commerce Commission** orders the Union Pacific (which doesn't wish to do it) to build a 185-mile extension to meet the Southern Pacific. The total cost is estimated at about ten million dollars. An exercise of the Commission's powers which courts will have to decide.
 - 16 • **THE NATIONAL Bureau of Economic Research** says the "total realized income" of the people of the United States in 1928 was \$89,419,000,000. It advanced \$1,200,000,000 over 1927. The biggest drop was from 1920 to 1921 when the figure fell \$10,600,000,000; the biggest jump from 1922 to 1923 when it went up \$8,400,000,000.
- PRESIDENT Hoover** signs the bill reducing income taxes by a total of about \$160,000,000.
- ARGENTINA** closes the Caja de Conversión (official agency for changing paper money into gold) and in effect leaves the gold standard. In nine months of 1929 the country lost \$112,000,000 in gold.
- THE NEW YORK Real Estate Securities Exchange** is opened. It is designed to make an open market for real estate mortgage issues.
- 17 • **NEW steel merger** announced. Described as a \$350,000,000 combination which will rank third to U. S. Steel and Bethlehem. Includes Republic Iron and Steel, Central Alloy, Donner and Bourne Fuller. Will be called Republic Steel. Youngstown Sheet

DECEMBER

- and Tube, and Jones and Laughlin talked of as other possible "joiners."
- FOUR** of the great British tin smelters in a merger. Will affect half the world's tin.
- DEPARTMENT of Agriculture** puts crop values of 1929 at \$8,580,528,000, an increase of about one per cent over 1928. Yields were lower by about 5.3 per cent.
- 18 • **AUTOMOTIVE INDUSTRIES** predicts an auto production of 4,945,000 units in 1930 as against 5,500,000 in 1929.
 - 19 • **INTERNATIONAL COMBUSTION Engineering Corporation**, whose assets have been put at \$43,000,000, is in receivers' hands. It's the parent of 30 or more subsidiaries here and abroad.
 - 20 • **JULIUS H. BARNES** announces the appointment of an advisory body of 140 business men to advise and report on means of "maintaining business momentum."
- REDISCOUNTS** at the lowest rate since April 25, 1928.
- 21 • **THE INTERSTATE Commerce Commission** gives out a consolidation plan calling for 21 major railroad systems, ten of which embrace Canadian lines.
- NUMBER** of shareholders in public utility companies increased by the stock market tumble.
- 24 • **SEARS, ROEBUCK** announce that in 1930 they'll run on a 13-month calendar.
 - 26 • **UNIVERSAL AIRLINES** reduces rates for air travel to equal combined rail and Pullman fares.
- FEDERAL TRADE COMMISSION** proceeds against McKesson and Robbins for acquiring other drug companies.
- 28 • **FRANCE** proposes a practically prohibitory tariff on automobiles. America would be the chief sufferer.

A Business Record December 11 to January 10

DECEMBER

- 30 • **RECEIVERS** named for United Traction Company of Albany, Troy, and Cohoes and New York State Railways, owning traction lines in Central New York.

BANKRUPTCY petition filed against Stutz Motor Car Co. Its officers see a way out via the merger route.

- 31 • **FARM BOARD** approves a \$30,000,000 National Cotton Cooperative Corporation. Will have as stockholders several state cooperatives.

JANUARY

- 2 • **THE New York Times'** figures for 240 stocks listed on the Stock Exchange show an increase in value in December of \$260,000,000. This followed losses in the three preceding months of \$17,800,000,000.

- 3 • **CAR LOADINGS** for 1929 announced as 52,798,000, a drop of 0.6 per cent as against 1926, a record year. Net ton miles were slightly higher, for goods in bulk are constantly moving longer distances.

ITALIAN line to build a 47,000 ton ship. Will cut running time from New York to Naples by two days. It's carrying out a Mussolini plan.

TREASURY says the public debt on January 1 was \$16,300,000,000, a drop of \$1,008,000,000 in 1929. The high was \$26,600,000,000 Aug. 31, 1919.

UNITED STATES LINES asks Postmaster General to delay advertising for mail bids covering Baltimore-Norfolk-Hamburg route proposed by Roosevelt line. Would "hurt their North Atlantic trade."

STANDARD OIL announcement of fixing gasoline at refinery costs, plus transportation, may lead other companies to refixing prices.

CAR SERVICE DIVISION of the American Railway Association gives out forecast of car loadings for first quarter of 1930. Estimate is 7,664,499 as against actual

JANUARY

loadings in first quarter 1929 of 7,708,404. Loss 0.6 per cent. Largest expected gains (in percentages as against 1929) are in agricultural implements, canned goods, poultry and dairy products, petroleum and petroleum products and cement. Largest decrease in autos, cotton, lumber, fresh vegetables, lime and plaster, iron and steel and grain.

- 4 • **AUTOMOBILE SHOW** opens in New York. More eights, some price reductions, much questioning as to 1930 prospects.

NET operating income of Class 1 Railroads for 11 months in 1929 totalled \$1,200,000,000, an increase of 8.43 per cent over 1928.

- 6 • **WOOLWORTH** sales were up 5.47 per cent in 1929 over 1928; down 2.83 per cent in December 1929 as against 1928. Sales \$303,000,000 in 1929. There are now 1828 Woolworth stores.

- 8 • **SILVER** reaches new low prices and Indian and Chinese currencies fall, while Japanese move up as that country goes on gold basis. Recent declines in cotton are laid to drop in silver prices. New indication of the interdependence of every corner of the world.

THE New York Stock Exchange has its slowest day in 17 months.

WILLIAM GREEN, president of the American Federation of Labor, says that organization will make a survey of unemployment with regard to long term causes, including mechanization of industry. Cites the unemployment of musicians due to talking movies as instance.

- 10 • **THE American Telephone and Telegraph** plans to issue \$125,000,000 in bonds, the first in five years. Funds will go to the continued expansion of the company's properties.

BANK CLEARINGS for 1929 were \$728,000,000,000 a new high and nearly 15 per cent greater than 1928.



When we try to find out where government subsidies come from we find that we really got them from ourselves

Santa's Beard

By Samuel O. Dunn

Editor, Railway Age

which he receives cost anybody anything.

Few people realize the extent to which the Santa Claus theory prevails in Government. Consider the Post Office Department, the largest business enterprise the Government conducts. The Pennsylvania is the largest railroad in the world but the earnings of the Post Office Department are larger than those of the Pennsylvania.

What is the investment?

QUITE a furor was caused a few months ago by the announcement that, in the fiscal year ended June 30, 1929, the Post Office Department had incurred a deficit of 95 million dollars not including certain compensation for services previously rendered which the Court of Claims had held the Department owed the railways. The furor would have been greater if the full truth had been told. The deficit actually incurred was far larger than that announced.

It is no more possible for the Government than for a private company to establish and conduct a big business without making a big investment in the facilities with which that business is carried on. The Pennsylvania Railroad Company's investment to carry on a business not quite as large as that of the Post Office Department is about \$1,700,000,000.

I searched the latest report of the Postmaster General in vain for information regarding the investment in the Post Office Department, and then inquired of both the Post Office and Treasury Departments in Washington. I found that nobody connected with the Government knows what the investment in the Post Office Department is, although the Hoover administration is trying to find out.

The national and state governments require every railroad and public utility to report its investment accurately. They have spent many millions of dollars in making valuations of railroads

I USED to think that almost everybody quit believing in Santa Claus when about nine years old. I have found that most men, after they begin making their own living, especially if they engage in politics or business, have a revival of their faith in Santa Claus. They begin then to think that there is a Santa Claus in government, and to importune him for gifts in much the same spirit as they did the Santa Claus of their childhood.

The Santa Claus theory of government is the theory that the Government should do many things for different sections and classes of the people, because, if the Government does them, they will not cost anybody anything. Most business men would deny that they believe in any such theory, but if they don't believe in it, why do innumerable business organizations and business men constantly argue for governmental action in accordance with it?

Most of the illustrations of the Santa Claus theory in practice that I shall use will be drawn from the transportation field, with which I happen to be most familiar, but unquestionably many more

could be drawn from other fields. Take the arguments advanced for extensive development of inland waterways. Almost invariably the argument presented to show how cheap water transportation is, or will be, compares freight rates by water and rail.

Now, the freight rates paid for transportation by rail are all that anybody pays for the service, while every navigable inland waterway has been improved and is maintained by the Government. Therefore, when rates are compared to show that water transportation is the cheaper, one of two things must be true. Either those who make such comparisons intentionally misrepresent the facts, or they believe that when the Government improves and maintains waterways it does not cost anything.

A child's theory of government

FAR be it from me to imply that they intentionally disregard or misrepresent the facts. I have decided that they believe there is a Santa Claus in government. No child who believes in Santa Claus ever suspects that the presents

Hides a Taxpayer

CARTOONS BY
O. E. CESARE

and public utilities. Why be so meticulous about the investment and valuation of privately owned properties if it has never been worth while to record the investment in the Post Office Department?

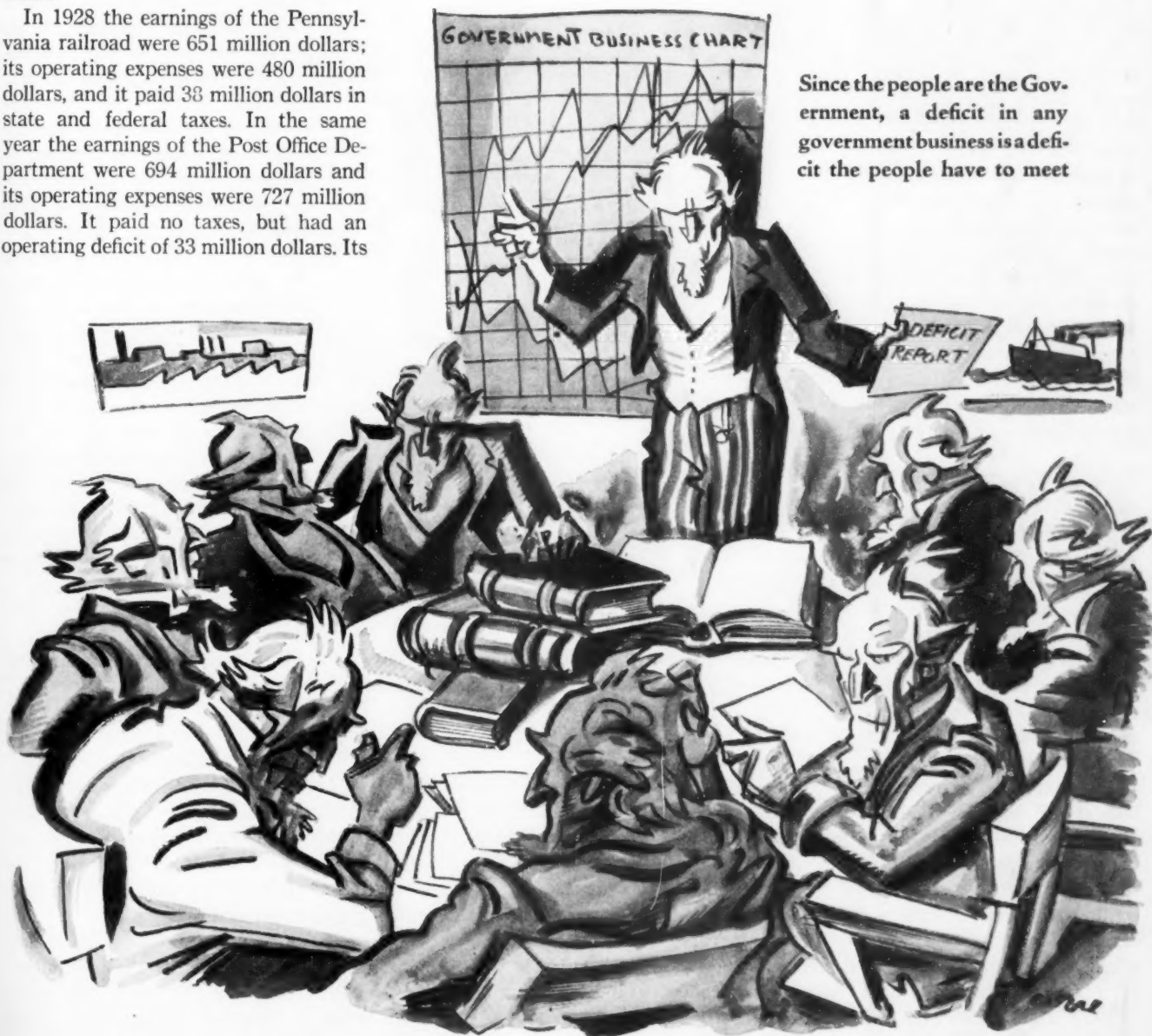
Apparently the accepted theory has been that the investment in the Post Office Department is a gift from Santa Claus.

In 1928 the earnings of the Pennsylvania railroad were 651 million dollars; its operating expenses were 480 million dollars, and it paid 38 million dollars in state and federal taxes. In the same year the earnings of the Post Office Department were 694 million dollars and its operating expenses were 727 million dollars. It paid no taxes, but had an operating deficit of 33 million dollars. Its



IF YOU hire a man or a company to perform a service for you, you expect to pay for it. But suppose the Government will do that service for you? Are you getting that service free? Mr. Dunn finds that some business men feel they are, and he points out that they are quite wrong. "Free" service costs somebody money. That somebody is you

Since the people are the Government, a deficit in any government business is a deficit the people have to meet



actual deficit was much greater because it included a large amount of interest paid by the public upon the investment in the land, buildings and other facilities used by it—unless Santa Claus paid the interest.

This operating deficit is not new. In the last 92 years Post Office operating expenses have exceeded earnings by 577 million dollars. Why does it constantly lose so much? Either because it is managed with reckless extravagance or does not charge enough for its services. Various Postmasters General have blamed the latter cause. They say the Department renders a large amount of free service to other departments; that second-class mail rates are too low; that losses are incurred on the parcel post and rural free delivery. Excepting on the Santa Claus theory, its operating expenses should be reduced or some or all its charges increased.

The Hoover administration is reported to be considering trying to do some of these things. If you do not believe that the farmers and business men believe in Santa Claus in government, observe what will occur if a real attempt is made to wipe out the postal deficit. If business men do not oppose advances in first-class mail rates, if publishers do not oppose advances in second class mail rates, if mail-order concerns do not oppose advances in parcel post rates, then you can decide that I am all wrong, and that grown-ups really don't believe in Santa Claus.

Politics and deficits

WHAT does the postal deficit really mean? It means that numerous postmasters who are appointed for political reasons, and innumerable concerns and persons that use the mails, are being subsidized at the taxpayers' expense. Do our business men favor subsidies at the taxpayers' expense? In principle they are unalterably opposed to them. In practice every little subsidy has a meaning all its own, depending upon who gets it.

There is nothing disgraceful about seeking a subsidy, perhaps, but is it exactly honest to oppose subsidies to others, and then seek them for ourselves? If a Chicago business man opposes Boulder Dam because it will subsidize the people of Los Angeles at the expense

of the entire public, can he consistently advocate large expenditures upon the Lakes-to-the-Gulf Waterway at the expense of the entire public for the benefit of Chicago?

The Post Office Department is not the only government agency that keeps its accounts and conducts its business to try to satisfy those who believe there is a Santa Claus in government. Numerous shippers in eastern territory claim that the earnings of the Panama Canal justify a reduction in its tolls. Governor Burgess of the Panama Canal Zone said in his report for 1928, "Arbitrarily 275 million dollars has been adopted as representing the investment in a commercial sense," 155 million dollars having been "written off for national defense."

This figure, "arbitrarily" arrived at, is used as a basis for the calculations of those who claim that the return being earned on the Canal justifies a reduction in its tolls. However, the governor of the



The Post Office complains that it is burdened with free service for other Departments

Canal Zone takes this "arbitrary" figure and shows that simple interest on it at three per cent has amounted in 14 years to \$115,500,000, while the excess of canal earnings over operating expenses is only 99 million dollars. Consequently the canal still has a deficit.

Apparently this deficit will soon be wiped out. But should the tolls be reduced even then? Who would benefit by their reduction? Presumably the

shippers who use the canal. Shippers in the Middle West claim that the canal already has placed them at a disadvantage in competing with shippers on the Atlantic and Pacific seaboard and give this as one of the reasons why the Government should improve waterways in the Middle West. A reduction in the tolls would increase their disadvantage.

Everybody pays and pays

ALL the taxpayers of the United States, including those in the Middle West, built that Canal. Should it not be so managed as to produce a profit and reduce the taxes paid by all the people?

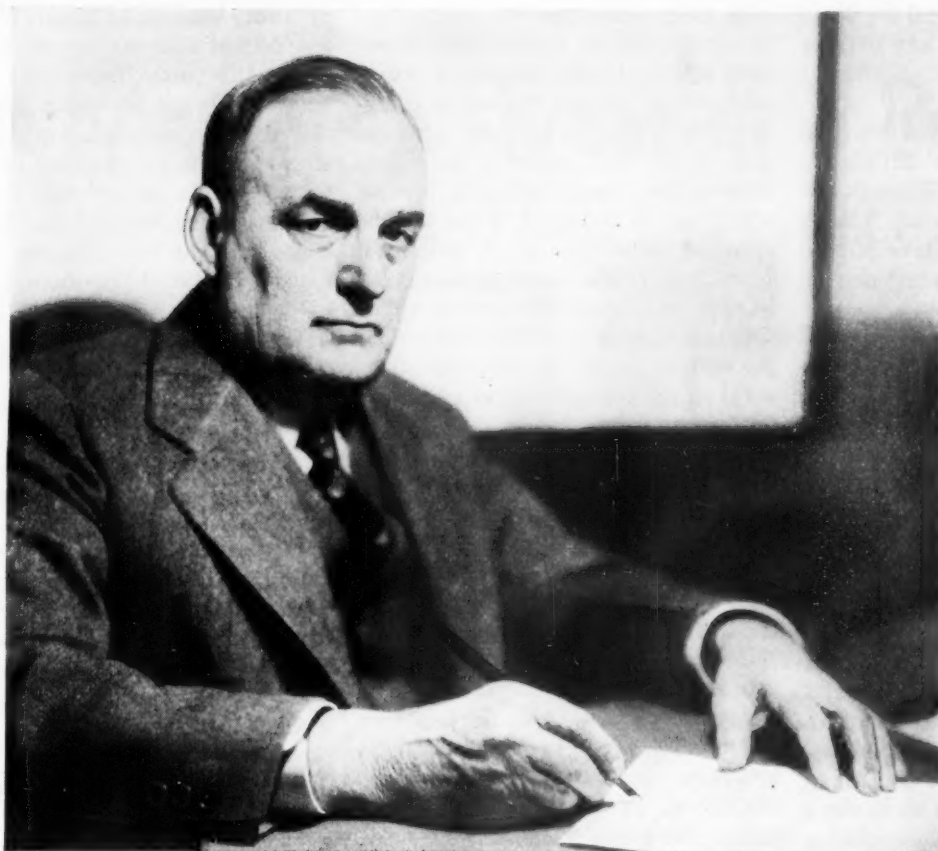
Only on the Santa Claus theory that everything the Government does affecting business should result in a subsidy for somebody. Can it be claimed that the interest of the taxpaying public should be subordinated to the interest of the shippers who use the canal.

One of the frankest advocates of the Santa Claus theory is General T. Q. Ashburn, chairman of the Inland Waterways Corporation, which is owned by the Government and operates the barge line on the Mississippi River system. General Ashburn said in a recent address before the American Society of Civil Engineers at Milwaukee, "Since no charges are made for the utilization of any of our waterway avenues, the practical operator is not concerned with their cost of construction, nor is he inclined to view with alarm any enormous expenditures made so long as they have been made and so long as all the avenues are open to him without cost. He accepts the situation as it is and leaves to economists, statisticians and college professors the academic question of whether Congress was right or wrong in spending money for such purposes."

But suppose the Government not only has made "enormous" expenditures upon waterways, but, as happens actually to be the case, is considering making further "enormous" expenditures on them? Whatever may be the concern of the "practical operator," may it not be desirable for the public to consider the effect of both the past and the proposed expenditures?

There are people in New York state who would answer in the affirmative. When Governor Theodore Roosevelt some 30 years ago advocated spending

(Continued on page 150)



UNDERWOOD & UNDERWOOD, WASHINGTON

Mr. Teague is a practical farmer and has wide experience in farm cooperative enterprises

How The Farm Bill Looks to Me

By CHARLES C. TEAGUE

Member, the Federal Farm Board

IN the long run the prosperity of the country depends largely on the prosperity of agriculture, a basic industry that, for more than eight years, has been restive and dissatisfied. In an effort to stabilize this industry Congress has passed the Agricultural Marketing Act and created the Federal Farm Board to administer it.

The task cannot be accomplished in a day or a month. The Board had to set up financial, legal and clerical machinery—it had none when formed—it must contact with agricultural producing groups, form national marketing organizations, study questions of supply and demand, and mobilize all federal and state forces having to do with agriculture.

The Board must administer a 500 million dollar fund in a way to give the greatest assistance to a 15 billion dollar industry. It must do this under the pro-

visions of an act that is conceded to be unprecedented and with certain features that are admittedly experimental. For these reasons, no member of the Board can outline all its policies so early. However, it is possible to discuss certain things here with propriety and to answer many of the questions that have been put to me and to other Board members.

These questions include those covering the Act's probable effect on the independent operators and jobbers with their investments in storage, refrigeration and other facilities, the Board's attitude toward base prices, the refinancing of facilities, "frozen credits," educational campaigns, reclamation projects, the purchase of commodities, and the check-up the Board

IT IS unlikely that any other group of men or business enterprise is attracting so much attention today as the Federal Farm Board. Its powers and probable course of action have been widely interpreted and misinterpreted. Here, for the first time, a member of the Board gives his impressions of its aims, tasks and probable effect on private industry

will exercise on the funds it advances.

It may be well, at the start, to put at rest some misconceptions of the Board's powers. These powers, though rather extensive, give the Board no authority to buy or sell any commodity in stabilization operations. It is permitted to assist in such operations only through farmer-owned and controlled

stabilization corporations and the Board can control these corporations only by withholding money if their policies are not sound.

Naturally, in any stabilization program, no matter by whom carried out, a base price is essential. Although our policy is not fully determined, I think the Farm Board will base its operations somewhat on a predetermined cost-of-production basis.

It occurs to me that it would be dangerous to fix the price of surpluses very much above the cost-of-production level of the reasonably efficient producer, and I believe the Board must eventually reach that conclusion.

Helping those who help selves

THE Board can deal only indirectly with the question of frozen credits and farm mortgages, although it appreciates that many banks may be loaded with such paper. We have no power to finance individual farmers nor their bankers. The Government can assist only those who get together and help themselves. However, if we can put the farmers on a profitable footing, they will work out the question of frozen credits themselves.

One criticism frequently heard is that the farm aid program virtually scraps the existing system of distribution. I have been asked about the possible fate of the independent cooperatives or pool agencies and the fate of the independents, the speculative jobbers.

There are many independent cooperatives, farm-owned and farmer-controlled, but they do not operate in connection with any existing general pool. I would assume that it would be necessary for these agencies to act collectively in selling their product through the national organization. Just to what extent they must abandon their individual attitude, I cannot predict, but it seems obvious that they cannot accomplish much unless they come into an organization having a centralized control.

Certainly a sales organization handling nonperishable crops must work out some arrangement for the movement of that crop, some sort of a pool understanding as apart from individual judgment if there is to be a good equation of the flow of produce to market. Whether this would mean giving all authority to the central organization is to be determined.

As for the independents and speculative jobbers, some conflicts seem inevitable but the Marketing Act contemplates the greatest good for the greatest number. The Board and the individuals must meet such issues squarely and fairly.

In many industries the independent jobber has made considerable investment in store houses, processing plants, refrigeration systems and other equipment. It is pointed out, for instance, that, in the fruit industry, individual jobbers have been marketing oranges and bananas the year 'round to the apparent satisfaction of all concerned. I am asked how such agencies may compete with cooperatives which will be able to borrow money at less than four per cent, or about half the interest exacted in the ordinary course of private financing.

The walnut business in California offers another example. In this industry high-grade independents have bought the grower's product, making advances and extending other accommodations. They have erected processing plants and created extensive distribution facilities.

Now, if the cooperative movement develops as expected, a difficult situation will be brought about. Are these jobbers and middlemen who have made large investments, who have businesses long established, to be given any chance against the proposed great cooperative system? Are their contributions to their Government through taxation to be used indirectly to run them out of business or at least slow down their businesses and reduce their investment?

Encouraging cooperatives

IN ANSWER I can only refer to the Agricultural Marketing Act, which stipulates:

By encouraging the organization of producers into effective associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperative associations and other agencies.

This probably could be construed to mean the practical paralysis of independent marketing. But I think that whenever the Board functions it will consider the question of whether an industry is reasonably prosperous under existing conditions. If the present system is working properly there is no need for the farm-aid movement. However, where it is not working and the farmer is in distress it is decreed that something must be done, even though it may injure some other groups.

The Board has also been asked if it will lend money to cooperatives to retire indebtedness. Consideration of that question is unavoidable but as this is written the matter has not been cleared up. Congress discussed the refinancing

of facility loans under the Act but we are not certain that we are permitted to underwrite such financing. Possibly under the broad provisions of the Act this may be accomplished in the general scheme for the development of farmer-owned and farmer-controlled cooperative marketing associations. I am inclined to think that this may be done under these broad provisions.

Board may enter distribution

THE Act provides for the "construction or acquisition by purchase or lease of physical marketing facilities for preparing, handling, storing, processing or merchandising agricultural commodities or their food products."

I do not interpret this as meaning we are to retail commodities except under very unusual conditions. I do not think it even contemplates wholesale distributing agencies at point of consumption. It does, I think, mean that we will engage in wholesale operations at the point of origin, shipping in car-load lots and distributing to wholesale buyers.

Facilities to carry on this work at point of origin frequently cost considerable sums, but I believe the Board must confine its financing in that direction largely to organizations that are working toward or are a part of a national sales program. It will help very little to finance farmers if they are divided into too many competitive groups because the overflow of their products cannot be governed.

When money is advanced to a particular industry, the Board will keep a watchful eye on the funds. It is building up a finance department which will have the assistance of the custodian banks and the federal intermediate credit banks and the Board's corps of auditors and accountants.

Though we will not pursue a penny-watching policy, we will maintain general supervision of money we lend. With great sums invested in a marketing enterprise, it is our duty to see that it is well spent and made to count 100 per cent in the relief purpose intended.

The Board has not yet determined to what extent it will advance money to cooperatives for educational campaigns or organization expenses, nor has it established a policy on the problem of land utilization, although it is obvious that reclamation is interwoven with the farm-relief movement.

Reclamation is questionable at least when it brings into production large acreages of land when there is already overproduction. In considering land

(Continued on page 148)

Are Mergers a Threat or a Promise?

By JOSEPH STAGG LAWRENCE

Author of "Wall Street and Washington"

DECORATIONS BY LOUIS FANCHER

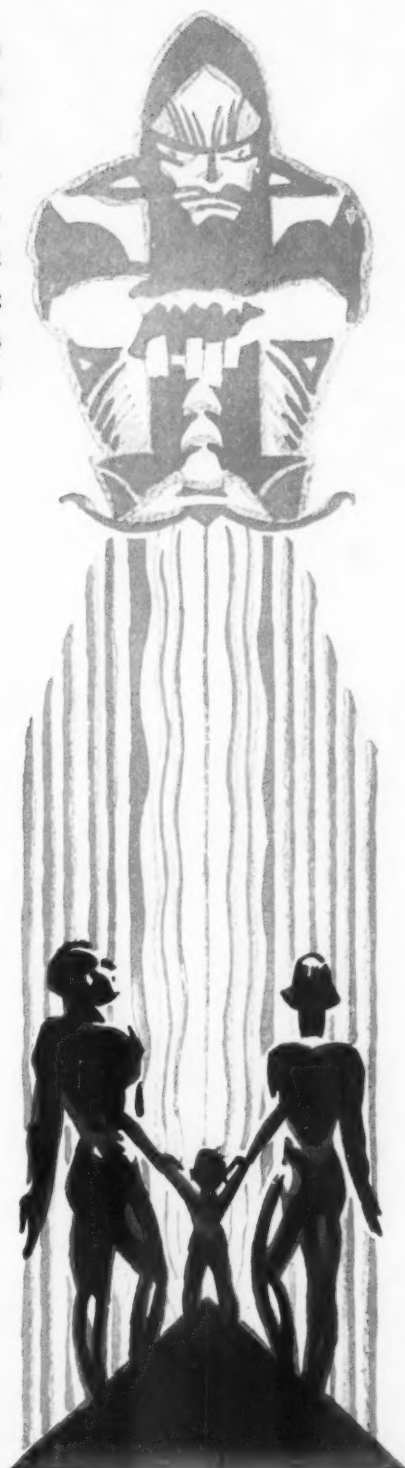
★ ARE we approaching a vicious economic domination in which giant corporations will control the necessities of life and manipulate them for maximum profits, irrespective of the public good? As a consumer, you want the answer to that question. As an economist, Mr. Lawrence provides it

NO reader who scans the daily paper with ordinary interest has failed to note the frequency and emphasis with which new alliances and concentrations of capital and enterprise appear. These changes in the economic order must be unusual. Further they must hold a vital public interest or canny news editors would not feature them on the front pages with such unanimity. Indeed the country appears to be mothering an economic organism which is impressing many as an entirely new genus.

A giant stalks across the horizon. Relatives of colossal proportions follow him. The size of the newcomers is awe-inspiring. The citizen accustomed to a world of smaller figures is seized with apprehension. Do these physically over-towering representatives of the new order mean well?

The movement appears to pervade every field. In banking, key groups or institutions have appeared in every section to attract to themselves smaller institutions with an ease and rapidity which suggests some giant magnet placed in a field of tiny metallic particles.

A single week witnesses the announcement of a new merger in New York City which gives this country for the first time the largest bank in the world,



Do these overtowering representatives of a new order mean well?

the formation of a great holding company to acquire controlling interest in a group of New York state banks and the inauguration by the Giannini interests of a program of chain banking which will embrace the entire country and boast a capital structure of two and a half billion dollars.

Must capital be concentrated?

SOME students of banking whose memories go back to the days when the Federal Reserve System was undergoing the travail of birth recall that the legislators who passed the act intended to establish a banking and credit structure which would serve to check the concentration of banking capital. Is the present movement destined to disappoint the hopes of the "fathers"?

Finally, if the fears of those who labored to give us a unified banking system without the perils of undue concentration were well founded, are we not again confronted with a problem more serious even than that of the period before 1913? More serious because the ultimate resort of rich experience and able intelligence has proved futile.

Sharing the front pages with the spectacular centripetal performances of the banks are the public utilities. Here

the name of the great house of Morgan has been identified with a series of movements, some of which have elicited political sparks. Although a number of able students doubt the feasibility of united control of the power resources of the Empire State, the danger of such an eventuality and the vigorous opposition of the Democratic party to its realization have been voiced by Governor Roosevelt.

It is only natural that the public should view with some apprehension the permanent alienation of the natural resources of a great commonwealth and the passage of control into private hands whose main, if not sole, motive is conceived to be profit to the stockholders. When we remember that such forms of wealth cannot be duplicated, that they must be exploited through monopoly forms, that charters for that purpose have already been reluctantly conceded, that the products in the form of light and power are absolutely indispensable and that the grants of monopoly in many cases include control or negation of transportation rights, it is possible to understand that state of general uneasiness so susceptible of political exploitation.

Stomach no longer comes first

WHEN monopoly with its ugly halo of selfishness first bowed its entrance into the society of men, the specter of a merciless constraint of food haunted the community. We lived much closer to our stomachs a hundred years ago than we do today. The growth of chain stores and the formation of new units for the manufacture and distribution of food products affect the public imagination much less than the giant combinations in banking and public utilities.

It is significant of a revolutionary change in the center of man's interests. A century ago his chief thought was food. Today it is credit and power. While we hear little now of the full dinner pail and that Horse-

man of the Apocalypse, Famine, who still inhabits the Orient, the movement toward concentration of control and increase in size has aroused other fears, less primal perhaps than that of hunger but disturbing nevertheless.

We have always had mergers

AS disinterested observers we may put some questions. Is the growing magnitude of American enterprise a menace to the public weal, actual or potential? Is there anything in the history of business in the last two decades which would justify the fear of vicious economic dominion?

The tendency to combine into ever greater units is not new. It is a phase of economic progress, and we have had it more or less since man first emerged from his savage state. The tempo of the movement varies from time to time but the movement itself is hoary with age. Since there has been a marked acceleration during the past decade, we may examine its recent manifestation and effects. Let us consider first the promoters and leaders, then the stockholders, the wage earners, the general public and finally the general economic significance of this urge to merge.

The promoter and banker have been persistently pictured as the sinister, Mephistophelian characters in the plot. They play the pawns, exploit the innocent parties, assume no risk, do no work and get all the profits, at least so runs the legend of demagoguery.

This is obviously a spurious portrait of the most skillful and valuable actors in the play. The task of consolidation requires infinite tact and patience and wisdom. The promoter must provide the judgment and viewpoint of industrial and financial statesmanship. Successful

Once man's chief thought was food. Now we hear little of that Horseman of the Apocalypse, Famine



promotion is beyond the aspiration of pee-wee intellectuals and petty spirits.

Contrary to popular impression the promoter assumes tremendous financial risks, and, although the aggregate of profits which come to successful promotion may be great, the percentage of the total is small. Finally, we may say that no patents have been issued to promoters. The field is open, and if there be men who feel that the profits of promotion are exorbitant there is nothing to prevent them from participating if they can provide the same measure of skill.

Considerable capital has been made of the fact that the House of Morgan has played a prominent part in recent mergers with the inference that an undue concentration of wealth is taking place to the detriment of the common people. This is the time-honored hokum of the radical. "The day will come when one man will own everything." Let us look into this and see if it is on the way.

But Marx has proved wrong

BEFORE examining the evidence it may be well to note the origin of this apprehension. Karl Marx, writing during the latter part of the Industrial Revolution, observed its ill effects in England and was disturbed by the course of material progress. It was undoubtedly the dark age of the industrial era, and, basing his philosophy upon the wretchedness and squalor of the early English manufacturing communities, he developed his theory of "progressive misery."

Progress meant to him a cumulative impoverization of the masses as the ruling classes "usurped" increasingly the instruments of production. From his observations and ingrained pessimism

Today it is the movement toward concentrated control of credit and power that arouses fears



grew the dour dogma of Marxian socialism and economic progress became that state of mankind where the rich become richer and the poor poorer.

History has failed to sustain his fears and their lack of substance has been exposed again and again. Yet periodically a leader rises to view with alarm the menace which accumulated wealth and big business constitute to our well-being.

The Report of the Hoover Committee on Recent Economic Changes shows us the changes in wages, salaries, rents and royalties, interest, dividends and finally profits which have taken place in the period 1913-1925. We find that the proportion of the total which goes to the wage earner and the salaried worker has been increasing at the expense of the propertied and managerial classes. These facts are incompatible with any theory of progressive concentration of wealth.

We may invoke two other facts to calm our fears that the merger movement may be the stepping stone to economic despotism. The first is the fact that the situs of our great fortunes is constantly changing. The wealthiest men of yesterday are not the wealthiest men of today. With the passage of time fortunes become diffused. In the second place the greatest fortunes do not seem to go to the bankers and the promoters. It is doubtful if among the five richest men in the country today there is one who is primarily a banker or promoter.

Trusts now favor the public

THE second point in the present tendency toward larger industrial units which deserves attention is the character of ownership. When the elder Roosevelt undertook to chastise the trusts he acted upon a record of corporate iniquity which justified procedure.

He was able to point to a closely held ownership of the key industries.

The situation is entirely different today. Business is



A giant stalks across the horizon. Other giants follow and the citizen is terrified

maturing not only economically but morally. It realizes that its prospects of survival are best if it consults not only the ends of profit but the public weal. It has entered an era of enlightened selfishness.

Moreover, there is today an identity of interest between incorporated enterprise and the general public which was largely lacking in the earlier period.

When a nation of 120 million people finds that more than 10 million are stockholders of the nation's great industries and when the stockholders of a single corporation are numbered well up in six figures it becomes rather difficult to stir up apprehension in the public mind.

The day appears to be approaching when the consumer, the public and the capitalist will be a trinity of characters in one and the same person.

Both sides are gaining

A CENTURY ago the raw course of industrial pioneering seemed to offer constant proof of the old adage that one man's gain was another man's loss. The greater wealth of the wealthy seemed to be derived from and conditioned upon the increasing poverty of the poor. It

appeared to be true that the sweat and toil of the lowly served only to elevate the well-to-do to ever higher points of material power.

Here again a better day has dawned. The intelligence which has promoted men to the highest rewards of the material world has also shown them that the guerdons of success, to endure, must be founded upon a contented and prosperous working class.

We have developed latterly an amazing solicitude for the worker based upon our appreciation of his importance as a consumer. Henry Ford establishes a five-day week and defends it, not upon humanitarian grounds, but rather upon an intelligent selfishness which views the worker's added leisure as a further opportunity to consume the products of industry. Leisure can be made fruitful only by greater productiveness. It must subsist upon the surplus which more effective effort creates. Thus it becomes a direct stimulus to the will to produce.

Our great corporations have taken stock of the good will which a satisfied body of workmen contributes. They have preached the doctrine of thrift to the worker and persuaded him to invest his savings in the enterprise which employs him. Although this movement has not assumed the proportions which we have been led to believe it would, and though it has certain weaknesses from the point of view of investment philosophy, it nevertheless shows a desire on the part of management to make the

employee's participation in the capital organization more than a mere gesture. The disadvantages this procedure may have for the employee are partially compensated for by the favorable terms on which he is usually able to purchase stock.

Employee-employer cooperation

ALTHOUGH some of our great employers are still bourbonistic in their attitude toward their workers there is evidence of increasing sympathy and accord between the two. It is interesting to note in this connection that the enterprise whose name in another generation was most frequently associated with acts of corporate turpitude now has a labor policy which economists consider the most enlightened in the country.

These general impressions are fortified by statistical evidence. Since 1919 the cost of living has declined materially while wages have recovered all the ground lost during the depression and are now advancing into higher levels. As a result, the workingman's wages today buy 30 per cent more of the material necessities and comforts of life than they did ten years ago.

A caution is necessary. It is not the intention here to prove that the workingman's increased well-being results from the movement toward bigger business units. The two movements have proceeded simultaneously. Other forces

(Continued on page 172)

- Collecting taxes with the obsolete tax machinery in use today is like

Milking With a Clothes Wringer

JOHN J. MERRILL New York State Tax Commissioner
tells Boyden Sparkes

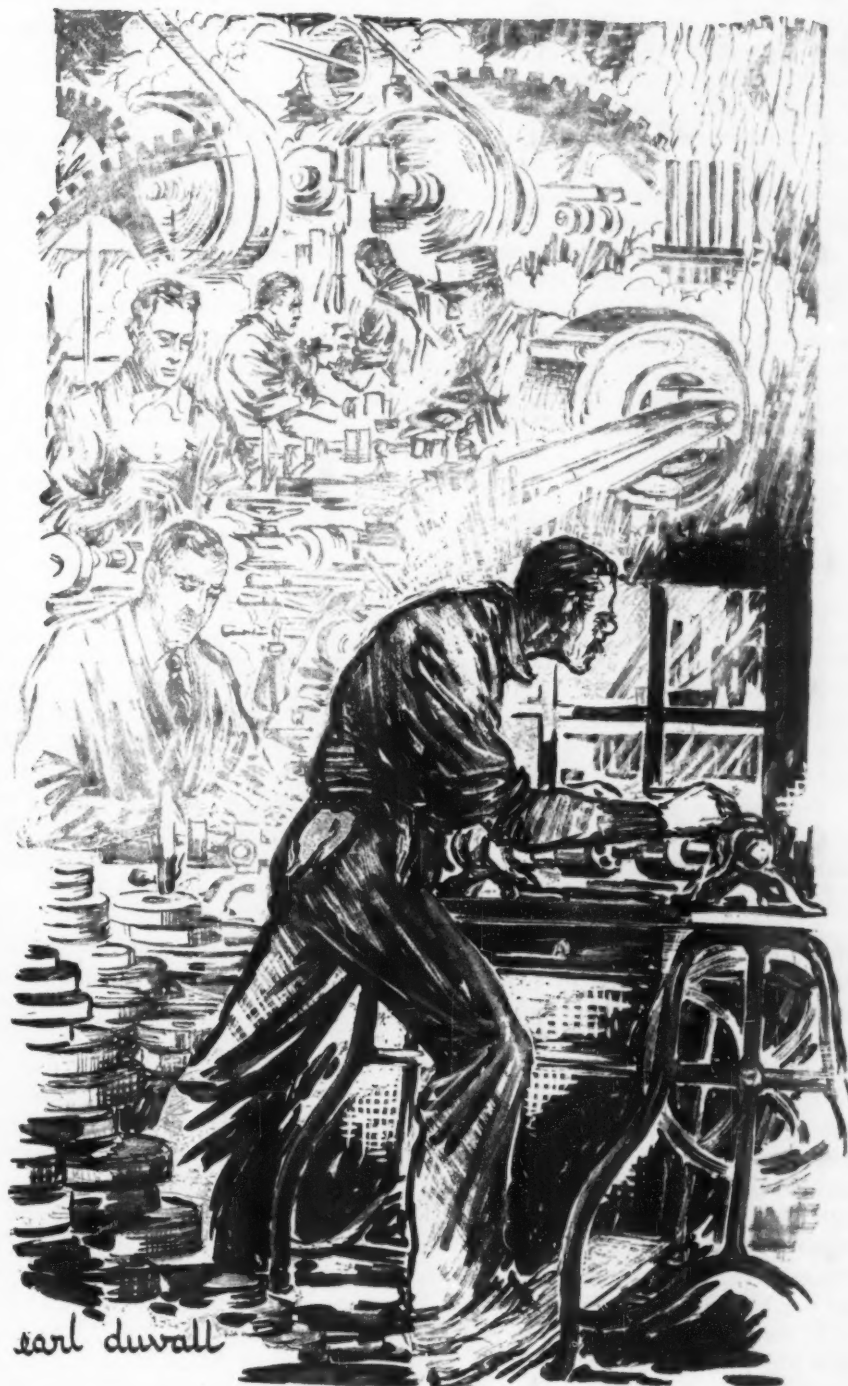
WHETHER or not you pay your fair share of the growing tax burden depends largely on the quality of your legal advice, says a man who has been collecting taxes for 25 years. In this article he tells what is wrong with the present system and offers some cures

WHAT do I think of the tax machinery after a quarter of a century of trying to make it work? I think it is terrible. We have had generations of piecemeal legislation with the result that we have created and are trying to operate a lopsided, uneconomic, inefficient, unjust and, in some of its functions, an unworkable tax machine. Conditions are better than they were but the opportunity for improvement is tremendous.

Let me say that much credit is due to those men who have, during the last 15 years, worked with diligence and intelligence to improve the methods of taxation and to spread the burden to all who are benefited by the state.

For example, a considerable contribution has been the development in inheritance tax matters. This is an outstanding accomplishment for much of which my colleague, Commissioner Graves, is responsible. There are other sound features that should be retained; but there are also many unsound ones that just as positively should be scrapped.

Suppose that each of us was required to live in a house patched and extended



Suppose factories powered with big dynamos still had foot-power lathes in the production line. That is how our tax machinery looks

by successive generations? Suppose we had to drive automobiles built by grafting 1930 improvements on a chassis design of 1904? Suppose industry itself was compelled to operate, and, if possible, to satisfy its customers with goods produced in factories operating foot power lathes and other kinds of antiquated machinery in a production line powered with big dynamos? Well, that is what our tax structure looks like.

It seems to me that what is needed is a real survey by men competent to view the whole field of this problem; men who might chart a course that could be pursued with honor; men who would have the ability and the courage to distribute the tax burden as it should be distributed.

A more unfair situation than now exists would be difficult to invent. That it needs to be remedied is self-evident because the one thing that you can be sure of is that taxes are going to increase and that the unequal burden will become more inequitable and more unjust.

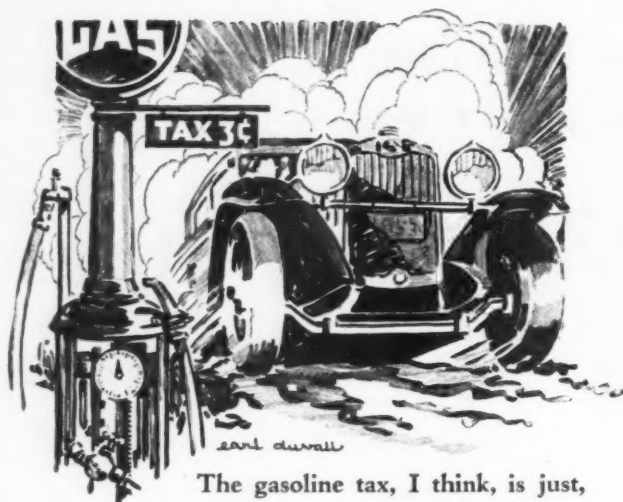
Higher and higher local taxes

YEAR before last in New York state the tax bill, excluding only federal taxes, was 670 million dollars. Last year it was 880 million dollars. This year the indicated gross budget is \$1,085,000,000. In the face of this it would be silly for anyone to say that any tax reduction is in sight.

The question is: How are these taxes to be levied? On real estate? On business incomes? On personal incomes? Or how?

Something to be kept in mind when this subject is considered is the terrific burden borne by the owner of real estate. Back in 1900 real property in this state constituted two-thirds of the wealth and paid 75 per cent of the cost of state and local government. In 1925 real estate was less than one-third of the wealth and was still paying 75 per cent of the cost of state and local government. In that quarter of a century wealth other than real estate had increased tremendously, from 12 billions to nearly 80 billions.

Unfortunately a large proportion of this aggravating burden has fallen on lands whose owners are not able to continue them in use, or on homes, lands and buildings where no part of it can



The gasoline tax, I think, is just, equitable and properly applied

be passed along. It has fallen with greatest severity on rural communities. The results have been depletion of rural population, urban overcrowding and great reduction in the purchasing power of this element of the state's population. The effect cannot fail to injure commerce. Real estate is paying nearly seven times as much for each dollar of protection as other wealth pays.

It was in the legislative session of 1880 that our trouble-making franchise tax of today was born. There was so much need for tax relief by the owners of real property that the legislature had to do something. Said the members of that body: "We will find *another* source of revenue."

They have been saying that same thing ever since. Anyway, in 1880 the original corporation tax law was tied on to the tax system. After an interlude of five years the inheritance law became operative. Fifteen years more and we got the corporation tax act of 1901 which levied new, or increased, taxes on certain classes of corporations.

In 1905 and 1906 the members of the legislature were saying once more: "We must find *another* source of revenue."

As a result we began assessing taxes on the transfer of stocks and on mortgages. Permit me to say here that the mortgage tax law is wholly unjustifiable from any point of view except that it is comparatively easy to enforce.

Then, in 1917, in response to the need for another source of revenue, the legislature adopted a new franchise tax for business corporations in New York state. This was designed to tap that reservoir of wealth which the Federal Government reaches through the corporation income tax. But the federal tax collectors in applying this tax are con-

fronted by only four frontiers whereas a state must recognize the existence of all the borders of all of the states.

Our franchise tax is measured by the percentage of business done, or assets employed within the state as applied to net income. Personally I am ready to, and do, confess that I know not what constitutes net income. Yet I am constantly defining it in my rôle of tax commissioner.

When this program was adopted both the president of the tax commission and myself opposed it unsuccessfully on the ground that it penalized good management

and thrift and placed a premium on perjury. For 12 years I have had constant daily contact with it. During that time it has had the best of my personal effort. Now I am prepared to say that although it can be made reasonably applicable to many classes of corporations, it cannot, in my judgment, be consistently fair to our industrial concerns.

Daily I find myself telling the managers of some of the 190,000 or more corporations of the state that they may do this or they may not do that in arriving at a figure which shall represent net income. It is my duty to do this but it is not always a pleasant duty, especially as I am convinced that there is a more equitable means of raising the revenues now taken in this manner. Often I am required to interfere in the operation of a business in a manner that is, to say the least, arbitrary.

What price management?

RECENTLY in trying to discover the taxable portion of the income of a corporation that crosses many state boundaries I found that the company had paid to its president for his year's work about \$800,000. Apparently this was ten per cent of net income plus some nominal fixed salary. This vast sum then, was deducted as a business charge before profits were figured.

"You can't do that," I told the attorneys for the company.

"Why not?" they asked.

"Because it is entirely out of proportion; it is not a necessary expense in the conduct of your business. You do not have to pay so much for administrative talent."

The attorneys suggested a compromise.

"No," I persisted. "We do not think

your president earned any such sum."

In a few days they returned.

"Don't you think you ought to allow us to give him half that sum?"

"No," I told them. "We'll let that man have a salary of \$50,000. The balance of more than three quarters of a million must, for tax purposes, be taken back into the body of the income on the ground that it was not a necessary expense in the conduct of such a business."

Finally they said, quite pleasantly, that they would have to litigate. Under the law if you are going to do that you have to file an application for a hearing. This was done and we had the hearing. They stated their case and we affirmed the tax. That was all there was to it. We are well supported by law in our stand.

We have tested a series of five cases in which we have won all along the line because we have gone into court carefully prepared. In one of the cases with which we strengthened our position an aged man had retired from his business in favor of his sons but continued to draw a salary of \$42,000 a year.

Clearly that was not a proper deduction to be made from the net income of the business which paid it. We put most of that salary back into net income where it belonged. We did allow the old gentleman to keep \$12,000 as a reasonable payment for the occasional conferences which he attended.

To date we figure in this office that we have saved New York state between ten and eleven millions of dollars in revenues because of our treatment of this form of tax evasion. Even so, the scheme had become so common that last year the law was amended.

We also encounter from time to time other methods. If we can prove that they are schemes to evade taxes we get the money; if we don't the taxpayer keeps it. It happens that one taxpayer who is well advised by counsel will take measures that enable him to avoid paying taxes which threaten him; another taxpayer with an identical problem will neglect to take an essential legal step and from him inevitably we collect.

Tax laws can be avoided

I HAVE on my desk right now an opinion I have written with respect to a scheme to distribute surplus. Briefly, the plan was to create a corporation that would be, in effect, a hiding place for wealth. The assets of a corporation owned by a couple of men were to be traded for the worthless securities of what they chose to call a holding company.

Now, it is quite plain to me that their intention was to avoid paying taxes and it is the taxpayer's right to avoid such payment so long as he follows legal forms. These men neglected to take a step that would have created a tax-free sanctuary for their money.

They carefully followed the route charted by earlier tax avoiders; only they neglected to touch second base. Consequently the state is going to tax all that money. Naturally I am not going to tell them how to get around the law, even though I know that if they had done a certain thing their elaborate pretense would have been successful. I am not going to tell them even though I know that other taxpayers with better lawyers, succeeded with that scheme.

In such matters, I am in the position of one called upon to judge the abilities of performers in a charade. Some, coached by competent lawyers, act well; others act poorly. The good actors escape the tax; the poor ones have to pay. Such an arrangement is not equitable.

What is happening in New York is going on in most of the other states; but in New York the problem concerns more people and more wealth. We are obliged in this office to keep a watch on 27 per cent of all the corporations that make a return to the federal government.

But New York has to cross state lines with these corporate taxpayers and display curiosity about their business affairs in other states. The income of some of the corporate taxpayers is derived from commercial activities in as many as 40 states. To determine the taxable portion of the net income of such companies we must follow them even into foreign lands.

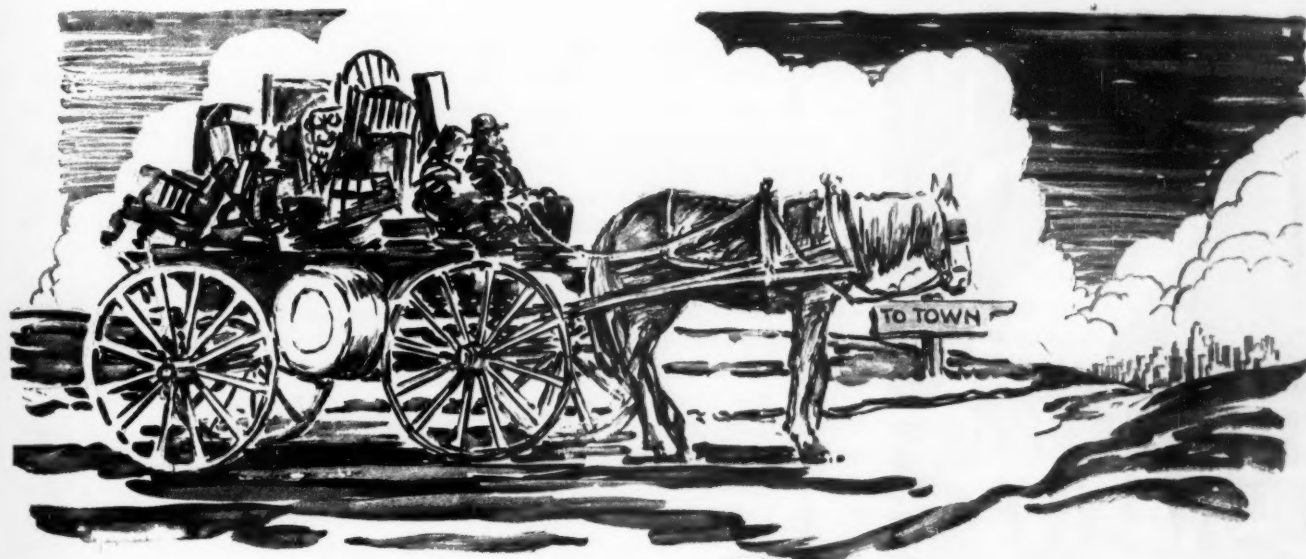
The New York scheme is entirely different from that of any other state even though the purpose of all the states is the same. Ours is a tax on the future.

Tax information may be exchanged

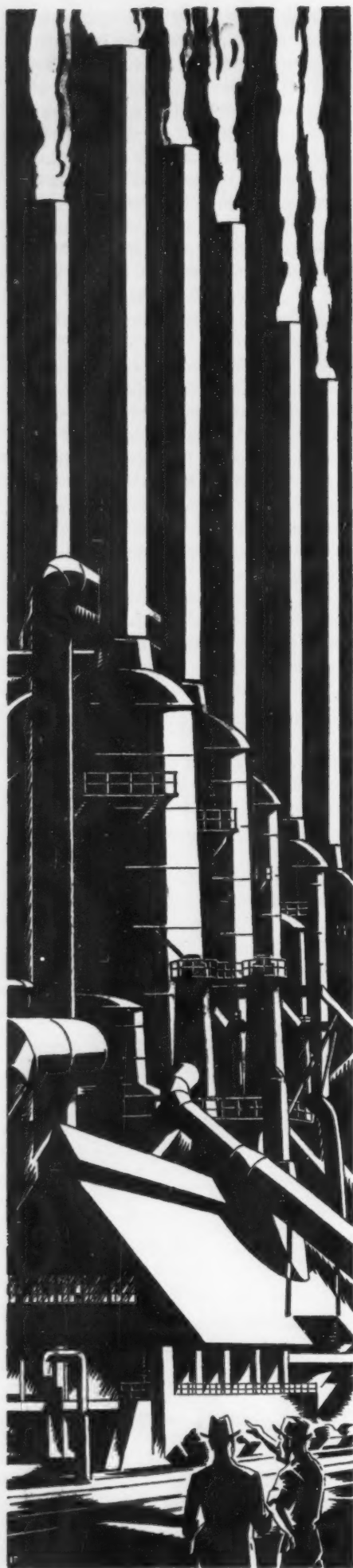
WE SAY, "Tell us what you made last year and we will tell you how much tax you will have to pay for the privilege of doing business in this state next year."

The tax is for the coming year. Now this creates difficulties in the way of an exchange of information with other tax bodies.

When we start to get information
(Continued on page 203)



The severity of the tax burden in rural communities has resulted in depletion of the farm population, urban overcrowding and other effects injurious to commerce



Putting Workers'

By Edward S. Cowdrick

Author of "Industrial History of the United States"
and "Manpower in Industry"

BOSSES and wage earners in American industry have been finding out each other's points of view and learning about each other's problems. They have discovered that general managers and punch-press operators, if given the same facts, think pretty much alike. They have learned that many of the things which once they wanted to fight about can be settled better and more easily by dragging the facts out into the light and looking at them soberly and reasonably together.

Just what this all means to American industry and American society it is somewhat early to predict. Certainly it does not mean all the things that some of the early advocates of cooperation between employees and management thought it did. For one thing, we have not reached a condition anything like "industrial democracy," and there is no indication that we are headed in that direction—which, after all, is rather fortunate. Wage earners are not running the business; they don't want to and they don't know how.

On the other hand, quite unexpected results, some of them not dreamed of in the philosophy of the most forward-looking industrial managers of even a decade ago, are becoming apparent. Some of these results have now taken forms tangible enough to permit at least a preliminary examination and appraisal.

When employee representation first was adopted it was regarded mainly as a device for adjusting grievances and protecting the work-

ers against the capricious tyranny of some of their bosses. This view was only natural, since in those days machinery for adjusting complaints was badly needed in many industrial establishments. But now in companies having modern personnel policies, sources of labor infection within the shops have been tolerably well sterilized, and day-to-day adjustment of differences between workers and foremen requires only a little of the time of representative conferences and committees.

Worker-manager cooperation

IN THE meantime some of the railroads have set to work a still newer method of negotiation, called union-management cooperation. It differs from the standard type of employee representation mainly in the fact that trade unions act for the wage earners in adjusting grievances and negotiating on such vital subjects as wages, hours and working conditions, while supplementary committees are set up to meet with the management to devise constructive improvements for the benefit of the business as a whole. Systems of cooperation somewhat similar to these railroad plans are in effect in a few manufacturing industries.

Between these two systems—employee representation and union-management cooperation—there is no fundamental conflict. Choice of one or the other in a particular establishment depends upon the attitude of the employees and of the management toward trade unionism. The point here is that each of them provides a method for getting the feet of workers and bosses under the same table and for setting their heads to work finding answers to the same problems.

When a company establishes a plan of representation or of union-management cooperation the operating executives are likely to get an enlarged idea of the importance of personnel adminis-

Mutual respect of employers and employees has grown as each understands the other's problems

Ideas to Work

ILLUSTRATIONS

BY SYDNEY E. FLETCHER

● **EMPLOYEE** representation was first adopted as a means of adjusting labor grievances. It has apparently served that purpose but now companies using such plans have found a wealth of possibilities that even the most forward-looking did not suspect

tration and of their responsibility for its success. This was not always true to the same degree as at present. There was a time, up to about 1920, when many employers seeking to establish satisfactory relations with their employees thought the main thing necessary was to hire an "uplifter" and turn the job over to him.

Among the many things deflated in the two or three years beginning with 1920 was the market for uplifters. The industrial relations director of 1930 is of a wholly different stamp, with qualifications, experience and personality quite the opposite of those of many of his predecessors. Moreover, he is not running the job of personnel administration; he is giving expert guidance to the operating officials, who, as it is now realized, have primary responsibility for labor conditions.

Particularly in establishments that have systematic means of dealing between management and employees, the efficiency of these operating officials is being judged, among other things, by their ability to maintain harmonious relations with the working forces. As a result, executives, from presidents and



In many companies principles of economics, finance and engineering are discussed at meetings of officials and employees



Some railroads are getting excellent results by a method of negotiation called union-management cooperation

works managers down, are giving to labor administration an amount of thought and attention that would have been considered visionary only a few years ago.

They are bringing to bear upon this part of their jobs not only good intentions but enlightenment as well. They are searching out the most up-to-date and the most forward-looking of methods. Some of them have even sought instruction in the technique of conducting con-

ferences to qualify themselves to lead discussions with their employees.

This improvement in labor management—which, it should be repeated, is due largely to the adoption of collective dealing between employers and representatives or committees of wage earners—has by no means stopped with the higher executives. It is perhaps even more noteworthy among the foremen. At the outset foremen were not the best friends of a system which made it necessary for them to recognize committees elected by wage earners.

They had been running their jobs

about as they pleased, so long as production did not fall below required standards. Most of them had been running them pretty well, too. Then, sometimes without warning, came a puzzling innovation which seemed to threaten their most cherished prerogatives. They were shoved bodily into a new environment in which their decisions were subject to constant review and checking; in which they couldn't even fire a "hunky" without the danger that some noney committee would come around and ask what it was all about. In time the majority of foremen adapted themselves to these new conditions. Those who couldn't do so are now mostly on other jobs.

Foremen are being trained

THE last few years have seen the development of a new and more intelligent and more productive type of foremanship. For this change several things are responsible, including the better selection of men for promotion to supervisory positions and the widespread introduction of foreman training. An important contributing cause, however, has been that same employee representation which many foremen at the start thought was sure to ruin their jobs.

Facing the necessity of justifying every official act in the eyes both of their superiors and their subordinates, and the constant possibility of publicity through open hearings and investigations, foremen have learned many things about management which formerly they had never even suspected.

"After a boss has taken a couple of lickings from his own men in hearings before joint committees," one prominent factory manager explained, "he is going to be more careful how he manages his department. He will be a better foreman from then on."

Most companies with representation plans require, or at least strongly urge, workmen with grievances to try to settle them directly with their foremen before resorting to the higher executives or to the joint machinery of adjustment. A steadily rising proportion of all industrial complaints are now being adjusted in the shops where they arise.

This means two things. Workers are learning to deal with management through the regular organization channels, properly holding the representation committees or conferences in reserve, and foremen are taking care that the smallest possible number of unsettled complaints gets past them to be adjusted further up the line. This makes for fairer shop discipline, less friction, and the general toning up of efficiency

and morale which comes with competent management.

Some foremen have progressed to the point where they are consciously using elected representatives of the wage earners to help them solve the daily problems of production. Such foremen talk over with the representatives the scheduling of work, the setting of wage rates, and the building up or reduction of the force. Sometimes they even consult the representatives on matters of shop discipline and seek their approval before recommending the discharge of an unsatisfactory worker.

It is from foremen of this type that one occasionally hears testimony that employee representation or union-management cooperation is a real help in getting the day's work done; that they would not like to try to operate their departments without it.

It is not solely in teaching better methods of dealing with labor that representation of employees has had educational effects. By providing a two-track means of communication between management and the working force, it has served to enlighten each group as to the problems, the feelings, and the points of view of the other. In many companies fundamental principles of economics, of finance, and of engineering are discussed seriously in joint meetings of officials and employees. Sometimes specialists from within or without the company organization are invited to give information at these meetings.

Fact finding by joint committees has occasionally reached the proportions of full-fledged research. Employees and officials of one railroad, to consider wage demands on a logical and scientific basis, repeatedly have made elaborate surveys of wage levels and living costs in various industries and various localities. An industrial company which operates under a representation plan has sent committees of employees to investigate the forms and methods of representation in other companies.

Tell the workers, too

IF EMPLOYEE representation is to operate to the greatest mutual advantage, one essential preliminary is that management shall take the workers into its confidence.

The executive who lectures on abstract economics while holding back the concrete facts about the business will have little success either in enlightening his employees or in enlisting their support. Every year more and more managers are learning this fundamental lesson.

In some companies each annual report is explained in detail to representatives of employees, either by works managers or by high officials of the finance departments. Many a general manager has formed the habit of walking into a joint meeting with cost sheets under his arm and showing those once sacred mysteries to the wage earners.

In some companies the workers are kept informed about orders on the books and the outlook for operations and employment. Managers have sometimes told employee representatives months in advance about an impending shut down and have consulted with them over the task of finding new jobs for the displaced wage earners.

For the confidence thus reposed in the workers, management has drawn rich returns in heightened loyalty and morale. Mutual respect between employees and officials has increased. As one result each is content to let the other do his own job. Management does not undertake to labor (even a foreman nowadays is seldom picked simply because he is the most expert operator in the department) while labor realizes that it is not equipped to run the business. This is one reason why the theories of Bolshevism have scant chance to take root in the minds of American workingmen.

Cooperation helps efficiency

IMPROVED morale and mutual confidence growing out of education and understanding would be enough in themselves to insure an increase in operating efficiency, in economy, and in quality of product. In some companies, however, more direct efforts have been made to achieve these results through conscious cooperation in constructive channels. This has, in fact, been the avowed purpose of union-management cooperation as exemplified on some railroads. Some open shop companies operating under plans of employee representation have obtained equally impressive results.

Managers and employees have come to realize that when a representation plan has provided successful means of settling grievances and controversies it has fulfilled only a part of its possibilities; that there remains a whole field for constructive cooperation in furtherance of efficiency, safety, quality, cost reduction and elimination of waste.

There are factories where employee representatives, company foremen and inspectors go through the various departments looking for defective work. In others the foreman turns spoiled

(Continued on page 128)

★ After a half century of successful work Charles M. Schwab wishes he could begin again with the knowledge 50 years have given him. He sums up that knowledge in this article



Chairman of the Board of Bethlehem Steel

What I've Learned About Business

EDWIN C. HILL

interviews CHARLES M. SCHWAB

"If there is anything in this world that makes me fighting mad," said Charles Michael Schwab, Grand Master of Steel, "it is to hear Europeans speak of American business men as mere dollar grabbers. I have made 82 visits to Europe and I don't think I have ever made one without hearing some rather superior and condescending allusion to the 'materialism' of American business."

Vigorous and sparkling, with a kind of boyish zest in living, Mr. Schwab sat in his office on the tenth floor of 25 Broadway in New York City, where, after several misfires, I had the luck to corner him. He is hard to catch, this man Schwab. When he isn't attending directors' meetings in New York and making major decisions for the conduct of the Bethlehem Steel Company, he is visiting his company's plants or shoot-

ing 18 holes of golf or playing contract bridge—at which game he is one of the most expert tacticians in the world—or visiting art galleries or enjoying music in his own home in the company of opera stars.

Once cornered, Mr. Schwab proved to be an amiable and entertaining victim. He likes to talk on congenial topics—business generally, the steel business in particular, and his all-round satisfaction in being an American citizen.

Approaching the age of 68, he is completing a half century in business life, and regrets that another half century

can hardly be counted on. He would like to start all over again, and rather wishes that he could make his start now. That 50 years has taught him a good deal about business and about human beings, he feels sure, and one of the principal things it has taught him is that American business men are sentimental, idealistic, romantic, about their businesses.

"It is hard to see why Europe makes that mistake about us," he continued. "One would think that their observers, their journalists, public men and traveled business men would understand what it is that makes things go in the United States. One would think that they would infallibly detect the true inspiration of business effort over here. I venture to say that no man ever made a great success in business who wasn't an idealist, a sentimental fellow. I could name 50 of that sort right now.

It's the job, not money

"NO FIRST rate American business man is ever satisfied with what he accomplishes. He is always straining for the unattainable. That's what keeps us fellows in harness. It isn't the money—it's doing big things and doing them better year after year. We are always shooting at perfection and hoping until the day of our death to get somewhere near it. Every business man worthy of the name is sentimental about his business. It is his own child, his own creation.

"What do you suppose money means to me after all these years? Do you think I'm proud merely because I have built up Bethlehem from an investment of 12 million to an investment of 800 million? Not a bit of it. I'm proud of Bethlehem because in it and with it I have created something that happily affects the lives of a million human beings, something big in the picture of America. That is the kind of monument that a man likes to raise to his memory.

"One time at a dinner party I was sitting next to Emil Ludwig, who wrote those interesting studies of Napoleon and Bismarck. He asked me if an American business man ever really attained his objective, and if he did attain it how he felt about it all. I said to him:

"Mr. Ludwig, if any man in America ever attained his object he wasn't a great business man. The goal must be as far ahead when he is 60 as it was when he was 30. He must have the impulse to continue to create—not merely to roll up more millions—to create products that will make life more efficient and comfortable and bring greater happiness to greater numbers. There's never any attainment. Real success is a will-o'-the

BUSINESS FOLK IN



STABILIZER

L. H. Seagrave, investment trust leader, is credited with having helped to steady the stock market



REACHES TOP RUNG

C. E. Sommer was Majestic Stove Mfg. Co.'s assistant office boy 30 years ago. Now he's the president



LAW TO FINANCE

The new president of Equitable Trust Co., New York, is Winthrop W. Aldrich, Rockefeller counsel



WELDS STEEL FIRMS

E. T. McLeary heads the new middle west steel merger. It's the third largest company in the steel business



WILL SELL FIRM

Charles Hayden, Haygart Corporation president, announces plans to sell company to Adams Express

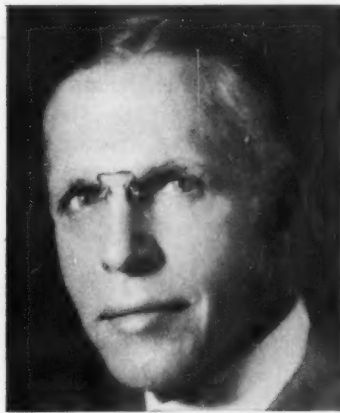


CHAIN CHIEF

W. H. Albers, Kroger grocery president, is chosen president of the National Chain Store Association

★
THE MONTH'S NEWS**LIGHTS AIRWAYS**

Lighting air lanes is the job of F. C. Hingsburg, beacon expert of the Department of Commerce

**TAKES NEW JOB**

Charles Piez heads the Merchant Fleet Corp., succeeding T. V. O'Conner. He rose from manager

**WORLD SERVICE**

Irving Bush, president Bush Terminal, announces addition of more than fifty European warehouses

**HELPS SHEEPMEN**

L. B. Palmer is president of the Farm Board's new Wool Association, formed to help wool growers

**OIL PRINCE**

Heir to the world's largest fortune, John D. Rockefeller III starts to work under his dad at 26 Broadway

**BIGGER VISION**

Television which can be seen by a roomful of people is invented by V. Zworykin, Westinghouse man

wisp that always dances just ahead. Mighty few men are really happy when they retire from business life in the full vigor of their faculties.'

"I wish I could start again. I wish I was once more the country greenhorn clerking in a village store. What a chance there is today for the fellow who is willing to work and willing to listen to the voice of experience! We have so much more nowadays to help young fellows along than we had when I went to work for Mr. Carnegie in the Edgar Thompson Steel Works at Braddock, Pa.—more and better technical schools, more industries to get a foothold in, a far greater demand for young and vigorous intelligence.

"It took me less than seven years to become general manager of the plant I went into as a dollar a day laborer, but that is happening all over the country today. There are so many instances of phenomenal success that we don't pay as much attention to individual triumphs as we used to. Stories of success have become rather trite in America.

Business piracy now discredited

"IF YOU will permit me to talk along just as notions come in my head—well, then—one thing that I consider most important as a factor in the industrial prosperity of the United States—a prosperity that is only just beginning, that is only a fraction of what we will know ten years from now and twenty years from now—is the fact that we manufacturers and merchants have quit squabbling and quarreling and backbiting and stealing each other's ideas.

"There have been fundamental improvements in methods of production, fundamental advances in the theory of management and fundamental achievements in humanizing industry—in all of which, thank God, I have been privileged to play a part—but there have been very healthful changes in methods of doing business.

"When I was a young man in the steel business there was a good deal of piracy going on. A certain kind of business man regarded it as smart to purloin the other fellow's trade secrets. All concerns in the same line of business were bitter rivals, underselling, cutting each other's throats and incidentally, very often, cutting their own.

"The other fellow's product was no good. Yours was perfection. The best way to sell yours was to run his down. Everybody did it pretty much. Then we began to see economic foolishness as well as the plain immorality of those practices. Perhaps a belated appreci-

ation of the economic loss involved had something to do with quickening ethical standards.

"At any rate a great change came about. Merchants and manufacturers began to cooperate and to exchange facts and figures. We began to see that when a whole field of business prospered it meant prosperity, other things being equal, to everybody doing business in that field. We came to see that the more we worked together, the better it was for every fellow in the trade.

"I think I may justly claim some credit for helping to bring about that change. Thirty-three years ago I was invited as president of the Carnegie Steel Company to attend a dinner of the Chamber of Commerce in New York. All the big men of the town had their feet under the banquet table. J. Pierpont Morgan was on one side of me, E. H. Harriman on the other. Henry C. Frick, Mr. Carnegie's partner, was there and so were Mr. Carnegie himself and H. H. Rogers and Norman B. Ream.

"I was down for a speech and while I had given the matter some thought I had not worked it out. I don't like to prepare speeches in advance—never do. I like to speak as the spirit moves. Well, the spirit moved that night. The vision of a great business organization came to me. I visioned a steel

company which would not only own all of its steel-making plants, but would own the beds of ore, the mines of coal, the links of railroad necessary to connect with trunk lines, the steamships it would need to transport raw materials and finished products.

"I saw a way to buy up important competitors and end throat-cutting and put down costs and increase efficiency. I saw, I am proud to say, the vision of the United States Steel Corporation.

"Mr. Morgan sent for me the next

day and told me he had been deeply impressed with the idea. Mr. Gates was impressed with it, too, and others. They asked me to talk with Mr. Carnegie and to get a price from him on the Carnegie Steel Works and its subsidiaries. I talked the matter over with him. He figured some and told me Mr. Morgan could have all of his steel business for \$487,556,160.

"I went back to Mr. Morgan and reported. They paid Mr. Carnegie's price without blinking an eye. A lot of water has flowed under the bridge of business since that day, and it has carried out to sea a great deal of the harmful trash that had cluttered up business.

"They made me the first president of the billion dollar corporation and that was a very fine job, a very fine one. I made more money than I had any notion existed in the world—for me, that is—but then, as now, there have always been more important things than money. Independence and contentment are among these indispensables.

"After a few years I found that I had too many bosses, and so I got out and after a while I bought the Bethlehem company—it was mostly engaged in making ordnance in those days—and paid 15 million for it.

"After a while I sold it to Mr. Morgan for what I had paid for it and then I decided to buy it back. Mr. Morgan turned it back for the same price—and then I really went to work. For six years I worked 20 hours out of the 24, on the average. I took no salary. I dispensed with vacations. I made steel and I made markets and I made friends, and I think the last was the most important of all.

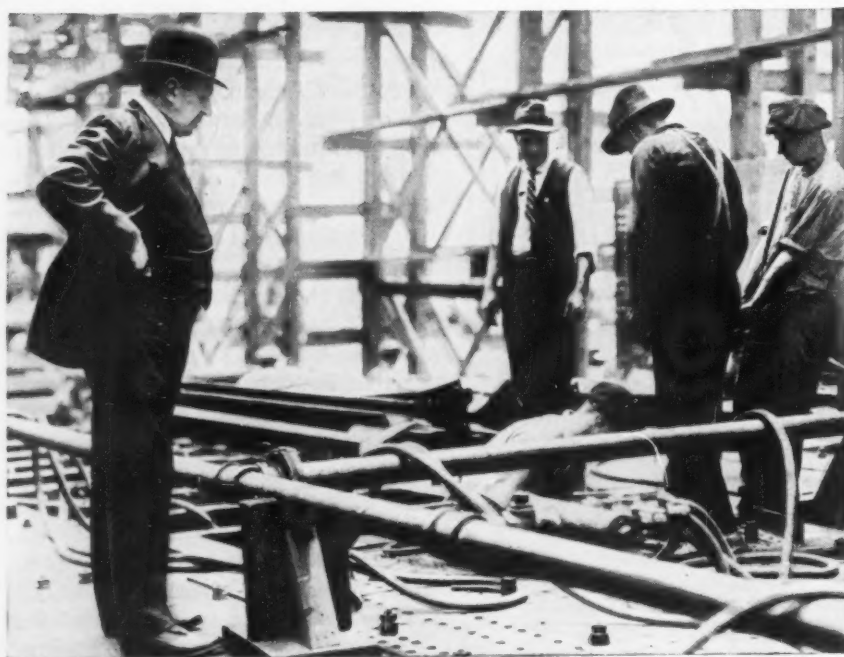
"It was then I saw that the buildings of the United States—the business buildings—were going to be made of structural steel in the future, and I put Bethlehem into that business. I believe I was the first steel man to see the future of structural steel and to realize on it.

"What a borrower I was and always have been, for that matter! I am, I think, the greatest borrower the country ever saw. I don't believe any man ever borrowed more money than I have, and

(Continued on page 196)



Mr. Schwab's enthusiasm is as keen today as when he and his father posed for this picture 20 years ago



"Capital and labor are partners in a cooperative undertaking. There is no reason why they should not be friendly"

- **SHYLOCK** was a business man. So was the landlord who foreclosed the mortgage in the old melodramas. But must business men always be cast as villains in literature or are they colorful enough to serve as heroes? Miss Thorpe's investigations show an interesting evolution

Up from the Villain's Rôle

MARY GARNETT THORPE

DECORATIONS BY HARRY CIMINO



Writers who portray life can no longer keep the business man off their pages

UNTIL recently, the business man received scant notice from literature. He is completely ignored in the lofty chronicles of chivalry, the romantic drama of the Elizabethans, and the picaresque novel of the eighteenth century, and later the glittering world of fashion and the squalid life of the streets crowd him from the scene.

When finally he does emerge as a type in fiction he is portrayed at first as an inhuman bully or clown, and later as a power-drunk materialist. It is only in our own times that novelists have come to recognize the dramatic possibilities of business life and the personal appeal of the business man as a character.

Today, powerful and frequently profound stories are being written by men inspired by his ideals and achievements. It is interesting to trace his gradual emergence through the years.

With the spectacular rise of industrialism in the nineteenth century, writers pretending to portray life can no longer ignore the business man. Everywhere he is a rising factor to be reckoned with.

These early fictional portraits of the

man in trade certainly are not flattering. He makes his debut as a brutal, greedy, ignorant monster, grinding the poor and thinking only of his profits, the villain of the piece in an age when the reading public demanded its villains black.

This hostility, revealing itself notably in the savage caricatures of Dickens, has an explanatory sociological background. The novelists were expressing the indignation of all decent people at the conditions which a corrupt and inert Parliament permitted to exist in the nation's factory system. Inhuman abuses were common; the treatment of labor in the period after the Napoleonic wars is one of the darkest pages in England's history.

Novelists as teachers

CARLYLE, conspicuous among those who set about to arouse the public conscience over these conditions, inspired a host of disciples, in the fiction field, Mrs. Gaskell, Charles Kingsley, Disraeli (in "Sibyl") and Dickens among them.

These writers devoted themselves to exposing abuses, in the spirit of re-

formers. Fiction in their hands became the handmaid of humanitarianism. Their portraits of business men are colored by a prejudice against the manufacturing class.

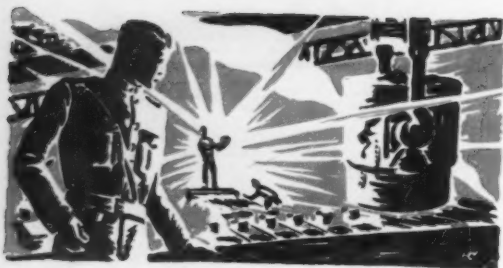
Bounderby, the manufacturer in Dickens' "Hard Times," is a classical example, an obtuse egoist who considers the mass of humanity as shiftless, untrustworthy shirkers, to be repressed and exploited for their own good and the good of the community.

Success has dried up every generous impulse.

There are other business men in Dickens, but none of them is drawn with the same savage malevolence.

"Dombey and Son" deals with a business man's dynastic obsession. Dombey's existence is inseparable from his business. His son is scarcely two hours old before he is being apostrophized as "a gentleman who has a destiny to accomplish."

There is a distinct baronial feeling



about the crusty old merchant's passion for the continuance of his enterprise through his son.

But the capitalists who were laying the foundations of modern industrialism at this time were not altogether without defenders. Charles Reade shows us the other side of the shield in "Put Yourself in His Place."

Pioneering for the machine age

IN THIS novel he introduces a sympathetic portrait of a young business man attempting to make a go of his manufacturing venture in the face of the idiotic restrictions and vindictive violence of the trade unions. Henry Little's attempts to introduce labor-saving machinery of his own invention for forging axes and hatchets, are thwarted at every step by gunpowder, assault, arson, blackmail and outright murder. Aside from this melodramatic side show, however, the story contrives successfully to present a memorable transcript of a fascinating era in industry.

In Reade's day, industry was just beginning to orientate itself toward efficient organization. When Little launches his forging shop, he is workman, foreman, purchasing agent, sales manager, inventor, and bookkeeper rolled into one. The complications of his growing enterprise proving too much for his single efforts, a shrewd friend offers him some sound advice:

"The inventor should ally himself with some person of talent and energy, but no inventor. Thus supported, he can have his fits of abstraction, his exultations, his depressions and no harm done.

"His dogged associate will plow steadily on all the time. So, after all, your requiring capital is no great misfortune; you must look out for a working capitalist.

"No partner who is asleep will serve; what you want is a good, rich, vulgar, energetic man."

Acting on this suggestion, Little comes to terms with Ben Bolt, the first go-getter in fiction. Reade gives us an inimitable sketch of this hard-boiled,

it is all about.

A great many novels and plays of the latter half of the nineteenth century deal with the social readjustments arising from England's gradual transformation from a rural to an industrial commonwealth. This transition is usually dramatized in the form of a conflict between a country gentleman and an encroaching manufacturer.

Robertson's "Birth" and "Ours" in the field of the drama are among the early examples of the species. In nearly all of these productions, sympathy is solicited for the declining "quality," represented as the noble victims of a prosperous *parvenu*, who is usually pictured as a gross person, innocent of taste or decency, and attempting to buy everything with money.

"The Skin Game" continues the tradition, but Galsworthy approaches the problem with a deeper human understanding, a little more finesse and philosophical detachment.

Sometimes a compromise is struck, as in Mrs. Gaskell's "North and South," which argues for a reconciliation of the energetic, businesslike north and the leisurely, aristocratic south, on a basis of common interest.

Novels by contemporary hands reconstruct this transitional era from varying points of view. The Thringsby saga of Gilbert

Cannan ("Three Sons and a Mother," "The Stucco House," and others), charts in sombre detail the tragic disintegration of a noble, sensitive nature in the uncongenial atmosphere of a

modern industrial city. It is a tragedy of maladjustment.

Arnold Bennett, lacking the dour Scotch seriousness of Cannan, is a little jauntier in his "Five Towns" novels. "Old Wives' Tale," "Clayhanger" and the rest, are incomparable chronicles of small tradesmen, their work and lives, through two generations.

On the other side of the Atlantic, the more colorful turmoil of abolition and civil war obscured the economic scene for the novelists. There is no "Uncle



Early fictional portraits showed the trader as monster thinking only of profits

Tom's Cabin" of industrialism—unless it be the much later "Jungle."

It is not until late in the century that a major novelist, William Dean Howells, turns his attention to the business man with "The Rise of Cyrus Lapham," published in 1885.

Lapham, a self-made Vermont farm boy who made the nation "paint-conscious," is another Ben Bolt with the domestic touch added—he is a devoted husband and father, and is further differentiated by a certain rugged rectitude, the lingering heritage of the celebrated Puritan conscience, perhaps.

His crudity, trusting aggressiveness and jaunty self-satisfaction are contrasted throughout the book with the



"sterile elegance" of a Boston Brahmin. It is not a very auspicious bow.

But a sturdier talent, coming to maturity in these years, was studying the business man at close range in the West. It is worth noting that Frank Norris, one of the greatest novelists America has produced, was the first writer to present the commercial leader in fiction from a wholly sympathetic viewpoint.

A driving power of business

IN JADWIN, the dominating figure of "The Pit," we finally get a genuinely illuminating insight into the psychology of the business genius. To this character, Norris communicates a vivid sense of the inexorable driving power, the cool audacity, the uncanny second sight, that go to make outstanding commercial success.



A youth caught by the spell of industry is the hero of Hergesheimer's "Steel"

Norris is far from being blind to Jadwin's limitations but he never stoops to satire at his expense. He respects his dynamic business man for his qualities of mind and heart. In the eyes of the fine, gracious, cultivated woman who loves him, Jadwin is "a great, strong, kind-hearted man, albeit with no little graces, no petty culture, no imitation polish."

This woman chooses him deliberately for a husband in preference to his rival,

the exquisite, elegant, cosmopolitan Corthell, artist, musician, lover of old world grace and leisure. She chooses him for the very natural, human, feminine reason that he is more of a man.

It is not the only instance where the business man and the artist are critically contrasted in the modern novel. It is unusual, however, in that the former comes off rather better in the contest.

In this recurring antagonism of artist and business man, the latter gets justice in an unexpected quarter. Hamsun, the Norwegian novelist, champions him valiantly in "Shallow Soil."

This novel records the fierce indignation of an honest man at the insolent presumption that is so often the attitude of the artist, or pseudoartist, toward the man in trade.

Hamsun portrays a typical Bohemian coterie of parasitical poseurs, particularly as its activities impinge on the lives of two young business men. Able, industrious and unselfishly active in every enterprise that will promote the well-being of their country, Tidemans and Hendrickson put themselves and their resources generously at the disposal of the nondescript fraternity of struggling painters, poets, novelists and actors who make Christiana the scene of their bizarre activities.

In return for their favors they are imposed upon at every turn, openly insulted as "hucksters," and, as a

final crowning treachery, the wife of one and the sweetheart of the other are seduced. The novel is an eloquent tribute to the patriotic usefulness of business.

The Rooseveltian era of trust-busting, yielded its crop of characteristic fiction, one of the highlights being "A Certain Rich Man," by William Allen White.

This story is the Odyssey of

a middle-western boy fighting, organizing, plotting, bribing his way to dominance in the grain industry. Barkley's methods reflect the worst excesses of his type. He is a cold, hard, able, resourceful entrepreneur, aiming at power and indifferent to every consideration of humanity and honesty in achieving that power.

He begins his career by cheating his neighbors and, before the end, is buying legislatures, corrupting judges and defrauding the nation.



Barkley is not the simple villain of Dickens. There is an unaccountable streak of sentiment in the man, as in that other grandiose rascal, "The Great Gatsby."

His idiosyncrasy is a passionate and cultivated love of good music.

Booth Tarkington has been now and again attracted by the artist-business man set-up. He turns his wit on both their houses. "The Plutocrat" brings together on a Mediterranean cruise Laurence Ogle, sophisticated young playwright, and Tinker, a big, bluff, handsome, back-slapping good fellow, fairly oozing the genial confidence he has acquired building up a huge industry in the Middle West.

Also aboard are Tinker's shrew of a wife, of whose bad temper he lives in continual terror, his daughter, whom he has carried off to cure of an ill-advised love affair, and a lovely French lady of the mysterious, devastating type.

The good nature of a Babbitt

AS THE liner moves across the Atlantic, Tinker, without ever ceasing to be noisily genial and vulgarly familiar, rises slowly in the estimation of his fellow travelers. Irrepressibly good-natured, socially resourceful, tirelessly accommodating, he captures the imagination first of the French lady, then of the crusty old British general and finally he breaks down even the sour Ogle's resistance.

In "Turmoil" we again meet the artist and the business man in a contest
(Continued on page 184)



This House is Built Like a Tree

By F. S. TISDALE

ILLUSTRATIONS BY D'ARCY

WHEN our cave-dwelling ancestors wandered from their lairs and began building houses, they were true to their traditions. They piled rocks upon each other to make walls. They felt snugly at home. It was what they had been used to—a cave.

It is not for us to smile at these thick-skulled primitives. They did the best they could with what they had. We cannot say as much. Engineers and architects with a philosophical bent declare that all our ideas of building are straight-jacketed by tradition that runs back to the troglodytes.

In spite of the advance in science and mechanics we still live in caves piled

● **YOU** pick up the telephone. "Hello," you say, "I've just bought a vacant lot. Send me out a house." And when you get home tonight the house will be there. Moreover, if you prefer a library instead of an extra bedroom you telephone again and tomorrow the company brings you a library.

That is the housing future described in this article, made possible by a new type dwelling, produced by mass methods, with all parts interchangeable and selling for \$3,000

one upon the other. They are pierced and served by pipes and wires; they are lighted by transparent glass; but the shelter is of rigid, ponderous masonry. It is still a cave.

Perhaps America's greatest contribu-

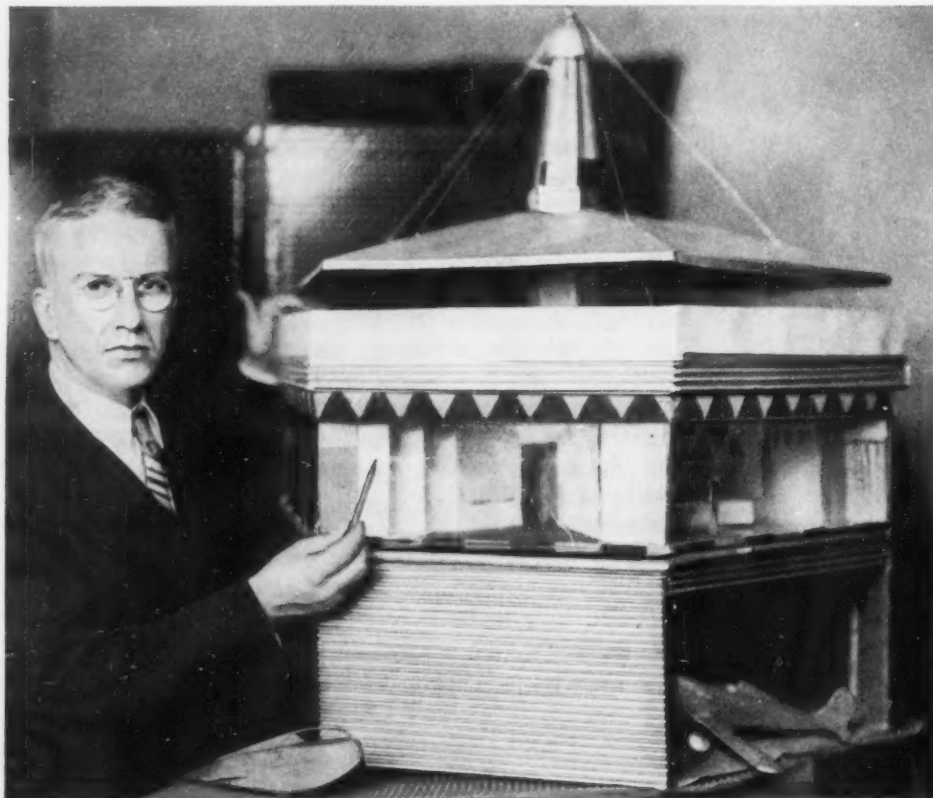
tion to the enrichment of human life has been mass production. The cheapening of necessities and luxuries by turning them out in vast numbers, each a duplication of the other. The blessings of this multiplication have hardly touched the housing problem, yet a man's shelter is most important in the forming of character and in sustaining his comfort.

1930 model house

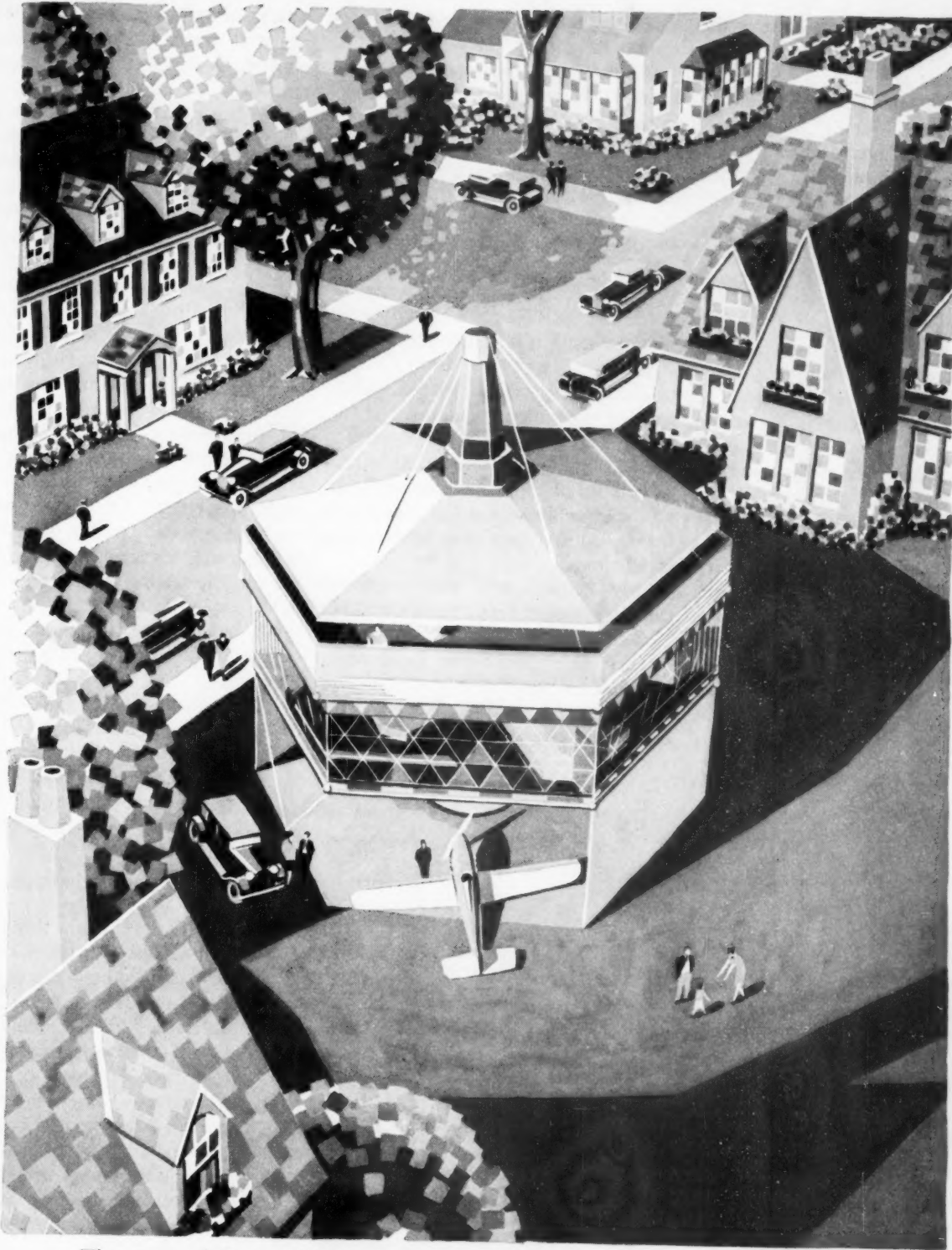
A **YOUNG** Chicagoan has meditated upon these things and invented a house which he hopes will answer the question. He is Buckminster Fuller and he has christened his idea the Dymaxion house—a compound to express such ideas as "dynamic design" and "maximum area." Architects and builders all over the country are fascinated by his suggestions and by his model.

Mr. Fuller has thought and talked the idea for so many years that he has developed beyond the stage where he is autocratic about it. He does not insist that this shall be the house of the future. All he contends is that houses ought to develop into something like this.

To arrive at his conclusions he had to think his way



Buckminster Fuller, young Chicagoan, with his modern house of the Dymaxion design, toward which, he believes, architecture is developing



The pneumatic floor of this house, nine feet above ground, is reached by an elevator in the central mast. This mast supports the house and serves a dozen other purposes

through the accumulated brick and mortar of the ages; to discard every preconceived and accepted conviction of what a house ought to look like and how it ought to be built.

The Dymaxion house has five rooms. It looks like a glassed-in pavilion built for a country where snakes are plentiful. The floor is nine feet above ground. The space beneath is entirely free. Instead

of resting on a foundation, this house hangs from a central mast.

"Trees and men," says Mr. Fuller, "have a strong trunk to which their limbs are attached. That is correct construction. I adopt the same principle for my proposed house."

The suspended structure is held firmly in place by piano wire stretched from the top of the central mast down to

anchorage in the ground. This taut wire represents the inventor's ideal—lightness and strength. Metal is strongest when at a tension. Hence the piano wire. The mast is made of hollow duralumin tubes. To increase their strength the tubes are inflated. Tubes outside the ceilings and floors of the six walls are of the same metal similarly treated.

This construction leaves the entire

roof of the structure free as it does the ground space. The upper deck will be devoted to rest and play; the lower for the storage of the automobile or—in the future—the family monoplane. Above the roof playground is a bright duralumin canopy, which provides shade but throws off the heat of the sun.

Triangles increase the strength

THE rectangle is imperfect for engineering purposes. Its sides fight and strain at each other. The triangle, on the other hand, is scientifically right. Each side acts as a brace for the other. The Dymaxion house is a glorification of the triangle.

That all angles may be the same (so that units may be interchangeable and manufacture simplified) the house is a collection of equilateral triangles.

Thus the outer walls are to be triangular panes of casein or some such tough, transparent material. Each pane contains a vacuum which keeps out heat (or cold in winter) and insulates against noises. These panes are kept in place by hollow gaskets of a flexible material. Inflation enters again. The gaskets are

blown up to hold and seal the panes against the air.

But the house is as open as a show-window? There must be some modesty in the future, even if the modern tendency does seem to be against it. To foil outside peepers there are shades all around the house. With them you can light or hide any part of any room. But shades warp and go askew on their rollers.

"Not these shades," retorts the resourceful Mr. Fuller. "You will notice by the model that the shades are triangular. They come to a point. Attached here, the string pulls the surface equally and prevents uneven winding."

The center mast of the Dymaxion house is its spinal column. It carries all arteries of communication and supply—carries them in a frank accessible manner so that they may be examined at all times.

"My house," Mr. Fuller remarks casually, "would decentralize the cities. You could build homes anywhere."

They are meant to be independent of municipal water supply, power lines, sewers and city taxation. First you decide where you want to live. Then you

sink an artesian well. Also a septic tank where all waste will be chemically destroyed. Over this the central mast is erected.

The house has its own power plant which pumps water, generates electricity and supplies air compression. A Diesel motor gives life to the machine. It is placed inside the mast—near the top! Its noise will be deadened by springs and rubber absorbers from which it hangs—somewhat like the motor of an electric refrigerator.

The motor in the mast also provides power for the elevator. The lift is in a triangular shaft within the central spine. No wire ropes or counterweights raise and lower it. To guarantee against falling, the elevator works up and down on a worm gear—like the jaw of a monkey wrench. The house has no stairs. When the elevator is up it will be impossible for anyone to enter unless he shins up on the outside and breaks in the roof.

Ah, but suppose the power goes out—how is the owner going to get into his house?

"That is simple," Mr. Fuller parries. "Inside the elevator will be a lever.

With this you can operate it by hand—and do so with less energy than would be required to walk up a flight of stairs."

Pneumatic floors

MORE mechanical thrills await you inside. The floors will be of some synthetic fabric soft to the foot. This will be in two layers, a sort of bladder. Here again pneumatics are applied. The floor is blown up! When you doubt whether air can make a floor firm enough to prevent walking from becoming mushy, Mr. Fuller points triumphantly to automobile tires which can be inflated until you can hardly dent them.

It will be perfectly safe for baby to fall on Dymaxion floors. He may bounce, but he will never break.

Another duty of the floor inflation is to meet the wall line and create a perfectly tight joint. Where the inner dividing walls meet the outer, acute angles are formed. This space which might have been wasted is used for communicating doors. Prepare for another shock:

The doors are of balloon silk. To close one you merely press a

(Continued on page 216)



The rectangle is imperfect for engineering purposes so this house is a series of triangles. Furniture is poured as part of the walls



The "Go-Getter" school teaches that selling is a battle and that the buyer will be on the defensive

Why I Turned That Salesman Down

By P. W. COMBS, Sr.

Advertising Manager, The Atlas Portland Cement Company

CARTOONS BY J. D. IRWIN

★ **FREQUENTLY** you or your salesmen lose sales that logically should have been made. Perhaps you blame sales resistance for these failures and wonder why buyers are so unreasonable. Here is a buyer's explanation, and only a very good or a very bad salesman can read it without introspection and perhaps improvement

"JIM, what made you turn our salesman down so hard yesterday?"

The vice president in charge of sales for a big paper manufacturing company was speaking to the purchasing agent for a concern that could use a great deal of paper. I got up to go.

"Sit down," the vice president invited, "and we'll find out what makes a purchasing agent tick."

Jim joined in the invitation.

"Don't go," he said, "I'm going to have a lot of fun. I've been waiting for this chance a long time."

I sat down.

"What chance?"

"A chance to jar Dan loose from his complacent attitude toward salesman-

ship. It was his fault I turned his salesman down."

The vice president sat up.

"Will this hurt much, doctor?"

"If it does you asked for it. In the first place I turned your salesman down because he didn't bring me any information of interest."

The vice president turned sadly to me.

"That salesman," he said, "is one of the best informed paper men I know. He can give all the facts about our product, plants and methods."

"He did just that," replied the purchasing agent. "He bored me to death with facts. But I didn't want a lot of facts. I only wanted one and he didn't give me that."

"Why didn't you ask him for it?"

The purchasing agent chuckled.

"I tried to—three times. The first time I got as far as, 'I'—He raised his hand and kept right on talking. The second time I just got my mouth open. The third time he anticipated that I was going to interrupt and talked faster.

"I already knew the things he was telling me and his domineering, aggressive manner finally irritated me so that I told him I wasn't interested in his proposition."

An insult as a sales talk

"WHAT did he say then?"

"He called me a fool."

"Now, Jim, after all—"

"Oh, no, not in so many words. He said, 'Do you mean to say that in spite of all these convincing arguments you can't see that no one is so well qualified to handle your business as we are?' I don't regard that as a compliment."

The sales manager offered cigars.

"What was it you wanted to ask him?" the vice president inquired.

"I simply wanted to know if you would put 25 per cent sulphite in the paper instead of the usual 20 per cent."

"Why, of course we would, for

just a very slight advance in cost."

"That's what the other manufacturer said—the one whose salesman let me ask the question. So I gave him the order."

"Holy smoke," the vice president snorted. "We lost a nice order just because the salesman wouldn't let you ask him a simple question, but you're wrong on the other point. I'm sure the salesman never meant to infer that he thought you were dumb."

"Maybe not," the purchasing agent admitted, "but he certainly gave that impression. You should teach your men better conversational manners."

"But too much talking isn't the only reason for unproductive calls. There's one salesman who comes in here who has never yet brought me a new item of interest about his product or his company. He thinks I know all about it anyway and that if there is any business I will tell him about it."

"Other salesmen selling the same kind of material have come in with something definite to arouse my interest and have made a sale right under that man's nose. Every salesman should be prepared to make himself interesting to the buyer, either with new helpful information about his own proposition or about something else that will interest the man he is trying to sell."

"Another type I turn down occasionally is the loud talker who shouts his proposition so that my office force is distracted—and the conspicuous dresser whose clothes hold my attention so I can't hear what he is saying. There is a whole group that I would classify as Irritating Salesmen."

"All right, go on."

"Irritating salesmen"

"THE fellow who grips my hand like a wrestler; the fellow who knocks the other fellow's line; the fellow who thinks deceit or untruth is strategy; the fellow who hardly knows me yet forces cigars on me or insists that I go to lunch with him; the fellow who mumbles so I have to strain to hear what he is saying; the fellow who insists on repeating some scandal of the trade. You can name them yourself."

The vice president nodded.

"Include," he said, "the fellow who tricks my secretary to let him see me by assuring her that the matter is per-

sonal; the fellow who claims to come from someone who knows me very well—but doesn't; the fellow who insists on talking of his trip abroad or his stock market activities. I know the types almost as well as you do. But I don't see yet how all this is my fault. We've just completed an expansion program and installed new equipment that gives our salesmen about the finest product that can be turned out. We've capacity to handle the biggest orders and we've increased our national advertising by more than 300 thousand dollars. It seems to me we've done everything we could to make selling easy."

"Thanks," said the purchasing agent. "That helps prove my point. You've got a better product, greater output—so has industry generally—and you cram your salesmen with all the important facts about your business, your product, your methods, your policies, your traditions, your tremendous advertising campaign. Don't you?"

"Naturally we do."

"Then you probably high-pressure them with some such selling logic as this—hard work wins; make more calls every day; be persistent; be aggressive; be a forceful talker; don't take no for an answer. Perhaps you tell them that the Canadian Mounted Police always gets its man. You tell them to be ingenious, be resourceful, and—"



Add to the list of Irritating Salesmen the fellow who grabs my hand like a wrestler

"Now wait a minute," the vice president interrupted. "Are you suggesting that a salesman should not work hard?"

"Certainly not. But hard work, misdirected, is just as useless as any other kind and persistence of the wrong sort easily becomes insolence. Do you tell your salesmen how to direct their efforts

so this hard work will be productive? Have your men been given the impression that this matter of buying and selling is virtually a battle of wits between the salesman and the buyer?"

"Probably they have. Doesn't 'battle of wits' about describe the performance?"

Fight it out, or sell

"YES, it describes that kind of performance that results in a salesman being turned down. 'Battle of wits' suggests a fight, or at least a contest between two minds. If the salesman and the buyer agree that their meeting is to be a 'battle of wits,' then selling and buying are submerged under a personal determination to get the best of the interview no matter what happens to business."

"There was a time when the buyer had a high regard for the salesman as his source of accurate, desirable information. We used to look forward to a discussion with a salesman."

"I remember when I was a buyer for a small department store. Salesmen used to help me a lot. They were visiting towns all over the country. They could see how other merchants sold things, how they dressed their windows, how they advertised. They could learn more about merchandising than I could because I was tied down to one same spot."

"The salesmen I turned down then were those who never brought me a merchandising idea, the ones whose only thought was that they must sell me something. Whether I sold it or not was my responsibility. You used to be on the road in the days when selling was founded largely on common sense."

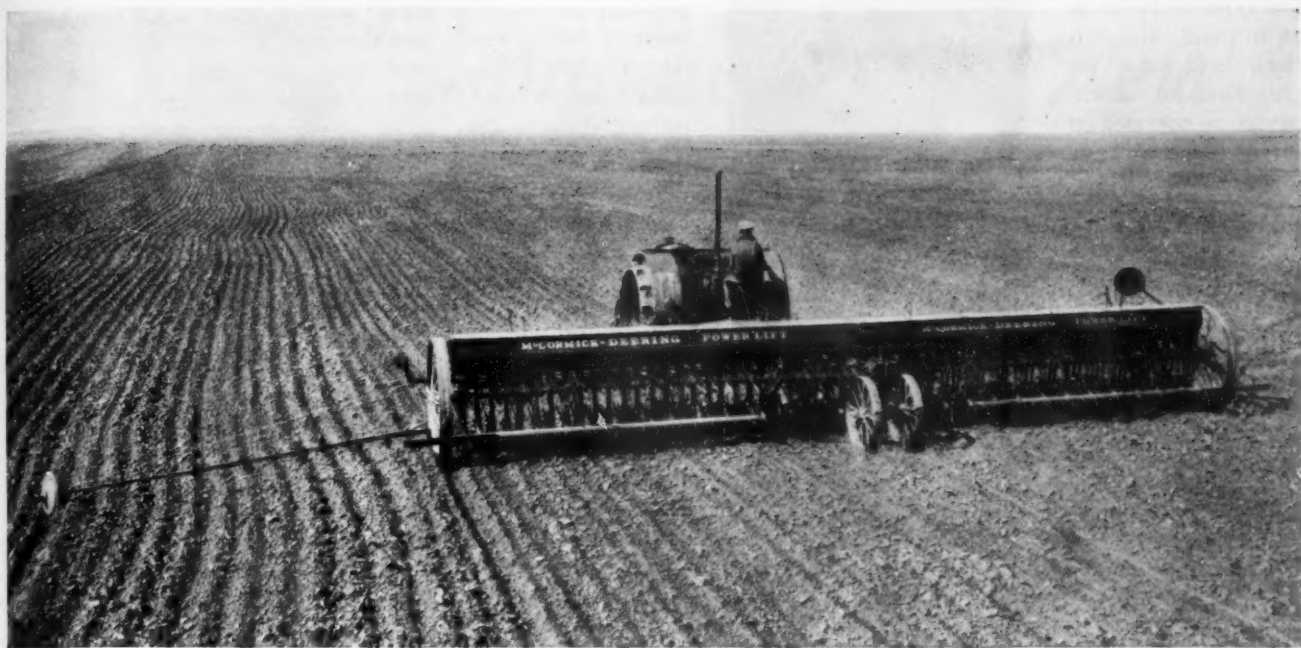
The vice president nodded.

"Well, if you would sit in a buyer's office, you'd find it isn't founded on that today. Common sense wasn't scientific enough. Along came a new school of selling which coined snappy phrases like 'go-getter', 'super-salesman', and 'sales resistance'! It has the impression that the big idea is to sell something whether that something suits

the buyer's purpose or not."

"The salesmen were warned that the buyer would always be on the defensive. Stratagem was distorted to mean trickery. And where do you think the buyer was when all this high-powered salesmanship was being prepared? Do you

(Continued on page 138)



This outfit with which one man can seed 120 acres a day has helped cut costs on Montana farms

ROY-BELL FILMS, INC., ST. PAUL

Farm Relief by Factory Methods

By MALCOLM C. CUTTING

- TWO men had a theory by which they believed Montana agriculture, then in serious plight, could be made to pay. John D. Rockefeller, Jr., provided money to make their experiments possible. Now a practical farmer, using their methods, makes \$13,000 net profit in two years

A SCIENTIFIC and carefully planned effort to transfer the industrial efficiency of modern factory methods to the farm is going forward in Montana, made possible by the financial contribution of one of America's greatest business executives. It is perhaps the most revolutionary experiment in economic agricultural research ever attempted.

Its dual purpose is to solve problems of farm tenancy and efficient farm operation. Already it has pointed the way to reducing the hours of man-labor in wheat growing from seven to two and one-half hours per acre and the cost of wheat production from \$13 to \$8.70 per acre.

Back in 1923, a period of unpre-

cedented drought combined with postwar deflation left Montana's farming industry temporarily almost prostrate. Thousands of abandoned homesteads marked the passage of a system of agriculture which had failed to overcome the limitations of a semiarid climate.

That fall, Dr. H. C. Taylor, then chief of the Bureau of Agricultural Economics at Washington, visited Montana to study the situation. There he met Prof. M. L. Wilson, since head of the

Department of Agricultural Economics at the State Agricultural College, Bozeman. Professor Wilson had been studying Montana's economic problems since 1910.

He described to Dr. Taylor the causes of failure, other than drought and depression, as he viewed them. The state had been settled under the homestead law on farms of 160 and 320 acres, which were too small for a country of limited rainfall and cheap land.

Settlers had brought with them the same farming plan and the same kind of equipment they had used on farms of this size in the Corn Belt. They had been trying to grow wheat with 15 inches of rainfall exactly as they had grown it with 30 or more inches in Iowa and Illinois.

Wilson confided to Dr. Taylor that he would like to set up



Dr. H. C. Taylor

some types of farms he had in mind, with sufficient area and the right kind of machinery, to be operated on a straight business basis rather than the usual experimental plan, and see if Montana farming could not be made safe and profitable for the average farmer in any year.

Now it happened that Dr. Taylor also had a theory that he was anxious to try out. He had conceived the idea of buying up foreclosed farms and placing tenants on them to work into ownership under expert supervision. It was the economic and sociological aspects of the tenancy problem that interested him. He had called his plan the Fairway Plan, but he lacked the funds, as Wilson did, to carry it out.

Financing a farm experiment

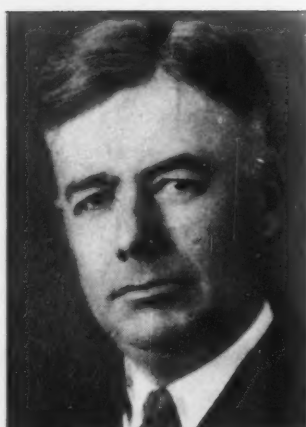
WHEN Taylor returned to Washington, he got in touch with the Laura Spelman Rockefeller Memorial. Trustees of this foundation had been solicited for funds to aid in agricultural research and had already consulted Taylor on the subject.

He now suggested that they finance a demonstration of his Fairway Plan in Montana under Professor Wilson's supervision. The Memorial was unable to advance money for this purpose, but the trustees were interested and they found someone who would. John D. Rockefeller, Jr., advanced \$125,000 for the project.

The project contemplated the purchase (in part) and lease of a number of groups of foreclosed farms, to be combined into single units of varying size according to the type of farming planned. They were to be equipped with the most efficient machinery. Then tenants were to be installed with a favorable purchase contract to operate the farms under Wilson's supervision.

But, to carry the test beyond that ordinarily presented by the experiment stations, it was necessary that the project be conducted on a strictly business basis. Not only must the individual farms be operated efficiently to work the tenants into ownership and retire the purchase contracts, but the whole project must return the original money invested with a fair rate of interest, and should return a legitimate profit besides.

Thus was the Fairway Farms Cor-



Professor M. L. Wilson

poration formed. A board of directors was selected to administer the fund, serving without compensation other than actual expenses. They were obligated only to use their best efforts to make the undertaking successful and to repay both principal and five per cent interest to Mr. Rockefeller as the farms were paid for. The philanthropic motive behind Mr. Rockefeller's contribution was indicated by two provisions of this agreement. One was a waiver of all legal and moral obligation of the individual directors in case the investment failed. The other was that any surplus resulting from the operations, above repayment of the fund, should go to the Montana Agricultural College for further research work.

Beginning in 1924, nine farms were organized in different sections of the state to represent varying conditions and types of farming. The largest of these, 3,000 acres, was not tenanted, but was reserved as an experimental tractor farm to work out problems of large-scale wheat growing.

Four other farms ranged from 1,000 to 2,000 acres of tilled area, some of them with several hundred acres of

leased grazing land on the side. The idea was to bring together the amount of land which could be most efficiently used by a farm family with the equipment adapted to the specific case, and with a minimum of hired labor.

Wheat is principal crop

THESE four farms were to be operated with wheat as the main crop and some live stock on the side. The remaining four farms were smaller, designed to represent types of diversified farming.

Most of the tenants were immediately given contracts for the purchase of their farms. This tenant-purchase contract was one of the novel features of the project. Instead of compelling the tenant to pay a stipulated amount every year, good times and bad, it permitted him to pay only as the farm returned a profit on the year's operations.

But the Fairway Corporation handles the money. All income from each farm goes to the corporation, which pays the farm expenses, advances an agreed amount to the tenant for living expenses, and the remainder is credited to the purchase of farm and equipment.

As this is mainly an experiment in efficient wheat farming, the wheat farms under contract hold chief interest. A brief story of two of these tenant farms, both starting in 1925, will indicate how the project has been working out.

At Comanche in the south central part

(Continued on page 188)



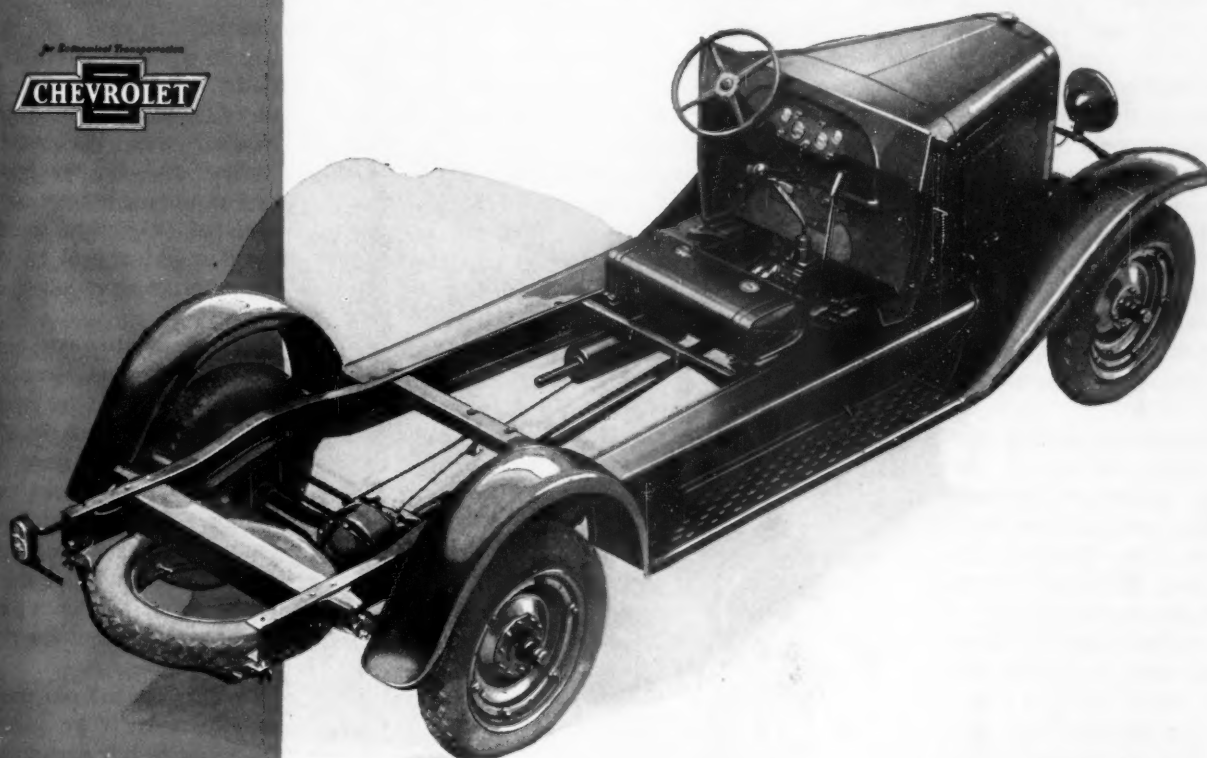
ROY-BELL FILMS, INC.

The farmer using this four-plow combination needs a big field if he is to get full efficiency and reduce cultivation costs

CHEVROLET

Announcing the New

Six Cylinder TRUCKS



Again, Chevrolet has used the savings from its great volume production to bring to American business the greatest commercial car value in its history—

—a stronger, sturdier, more powerful line of six-cylinder trucks . . . at sensationally low prices!

Every factor that makes a commercial car desirable has been refined and improved in these new trucks. The six-cylinder valve-in-head motor has been increased to 50 horsepower! The brakes have been enlarged and improved—with the front brakes of the internal-expanding type! Steering has been made easier and steadier! The rear axle is heavier and stronger! And throughout the chassis, scores of detailed improvements add to strength, durability and economy.

See these trucks at your Chevrolet dealer's—today. Check their new features. Get a trial load demonstration. And remember—no matter what your business—there is a body type to meet your particular need.

Chevrolet Motor Company, Detroit, Michigan
Division of General Motors Corporation



The new Chevrolet six-cylinder 1½ Ton Truck Chassis equipped with Stake Body



The new Chevrolet six-cylinder 1½ Ton Truck Chassis equipped with Dump Body



The new Chevrolet six-cylinder 1½ Ton Truck Chassis equipped with Panel Body

A SIX IN THE PRICE RANGE OF THE FOUR

When buying CHEVROLET TRUCKS please mention Nation's Business to the dealer

Is Your Business A Schoolroom?

By L. P. JACKS

Author of "Constructive Citizenship"

ILLUSTRATIONS BY LAWRENCE DRESSER

IN THE course of a recent tour in the United States, which brought me into contact with leading educators and business men, I found that both had much to say about the need of bringing education more into line with the vital working needs of the community. We are familiar with the same question in Great Britain.

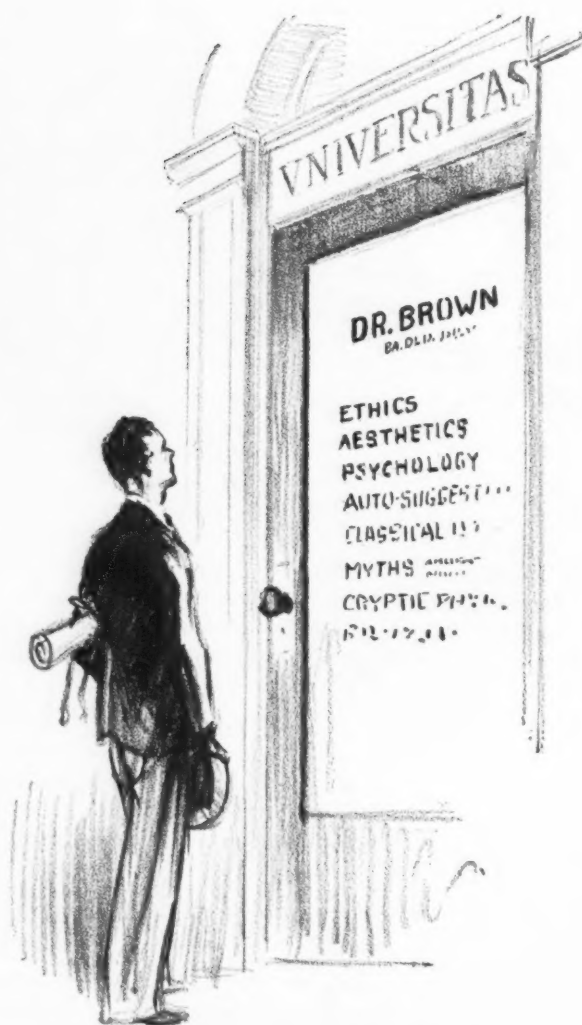
Both educators and business men lament the lack of "continuity" in our present methods, but from different points of view. The educators complain that the life of business, which awaits the majority of their students, instead of continuing what they have been taught, tends rather to wipe it out. The business men complain that the educators devote too much energy to teaching subjects unrelated to the needs of the student in after life. Both agree, however, that lack of "continuity" is the outstanding defect.

Nothing discourages an educator so much as the feeling that what he is teaching his pupil will be unlearned or forgotten when he goes out into the world. He wants some assurance that his work will be continued, followed up and developed by the experience of after life.

The president of a university put the point to me thus:

"So many hundred students graduate in this university every year. After that we lose all contact with them. For anything we know, a large part of them will spend the years in unlearning what we have been trying to teach."

The following experience of my own



THE WRITER, principal of Manchester College at Oxford, and an educational leader of Great Britain, outlines here a new kind of education, already making strides in his country, in which you, a business man, become a teacher by making your business efficient

may serve to punctuate the president's complaint.

I once delivered a course of lectures in a great university on "The Vocation

of the Citizen." In these lectures I enlarged on the citizen's "duties" and the citizen's "rights," and did my best to show my young hearers certain ideals of citizenship which I hoped would appeal to them and influence their future conduct.

Some years afterward one of them called on me. Here is the substance of what he said:

"I have often thought about those lectures you gave. Unfortunately I have been working for a big industrial company which pays me a good salary but doesn't care a brass button about the 'vocation of the citizen' or about his rights and his duties.

"We are out to make money, and we make it by inducing the public to buy something it would be better without. So, you see, I have had no chance to put your ideals into practice."

I knew very well what he meant.

A duty in work

MY invariable rule when talking about the duties of citizenship is to tell people, as plainly as I can, that the main field for those duties lies *inside* the day's work. The essence of civic duty, I tell them, is to do your job as well as it can be done. Social service is not "a beneficent extra" which a man takes up when the day's work is done, or when he retires from business. It is

the vital principle of the day's work itself. Unless a man serves society in that way the root of good citizenship is not in him. The business of education,

as I understand it, is not only to get things taught but to get them learned. The first is comparatively easy. The second is more difficult.

A considerable part of what is now being taught in schools and colleges is not learned at all, or learned only by a small proportion of those to whom it is offered. We waste much labor by offering a type of education in which the teacher's interest has been overconsulted and the learner's interest not consulted enough.

"There is only one way of learning anything effectively," said Carlyle, "and that is by doing it." That saying, rightly understood, is the profoundest educational maxim I know. To learn a thing is to know it completely and lastingly, and this we cannot do until we have applied it in some way to the guidance of life, tried it out in action, found out its dynamic quality and done something with our knowledge which we should have done differently without it.

All knowledge runs up into a kind of command. Knowledge tells you not merely that twice two are four but commands you to make them four when adding up your accounts. So it is with

all other knowledge whatsoever. To think of education more in terms of getting things learned and less in terms of getting them taught, more in terms of "objects" and less in terms of "subjects," more from the learner's end and less from the teacher's end, seems to me the first step toward needed reforms in education.

Does industry undo education?

THE Adult Movement is helping to bring about this important change. In adult life we are nearer to the world of objects, in closer contact with the working end of things, more intent on living and less intent on preparing for life.

Now the tragedy of education, as I see it today, lies in the fact that education and industrialism are pulling in opposite directions—not entirely so, but enough to deprive the educational process of essential continuity.

A tragic proportion of what we are doing in schools and colleges is flatly undone by what comes afterward in the industrial world.

There is not sufficient understanding between the two things. All the educa-

tional problems of our time sum themselves up into this one:

"How can continuity be established between what goes on in school and college and what goes on afterward?"

Before attempting an answer, I will dwell for a moment on what is meant by continuity; the essence of the Adult Movement lies in that word.

I am not proposing to keep the whole adult population perpetually attending classes and lectures. Nor am I referring to the kind of continuity (though I am a firm believer in it) by which the elementary education of a primary school may be contrived to lead on step by step to the highest education of a university. You may have continuity up to that point and yet find that your whole system breaks off short when you reach it.

What we need is continuity beyond that point; a continuity so far prolonged that the whole world of industry, commerce, finance, politics and all the other activities by which human beings earn their living and society carries on shall turn out to be a yet higher university and complete what has been begun in the stages below.

How then can we get continuity of that kind?

The first step is a mental readjustment. We must dismiss the notion that education is the exclusive affair of professional teachers. It is their affair, of course, but it's an affair which the whole body of society must share with them if it is to be effectively carried through.

A life-long job of learning

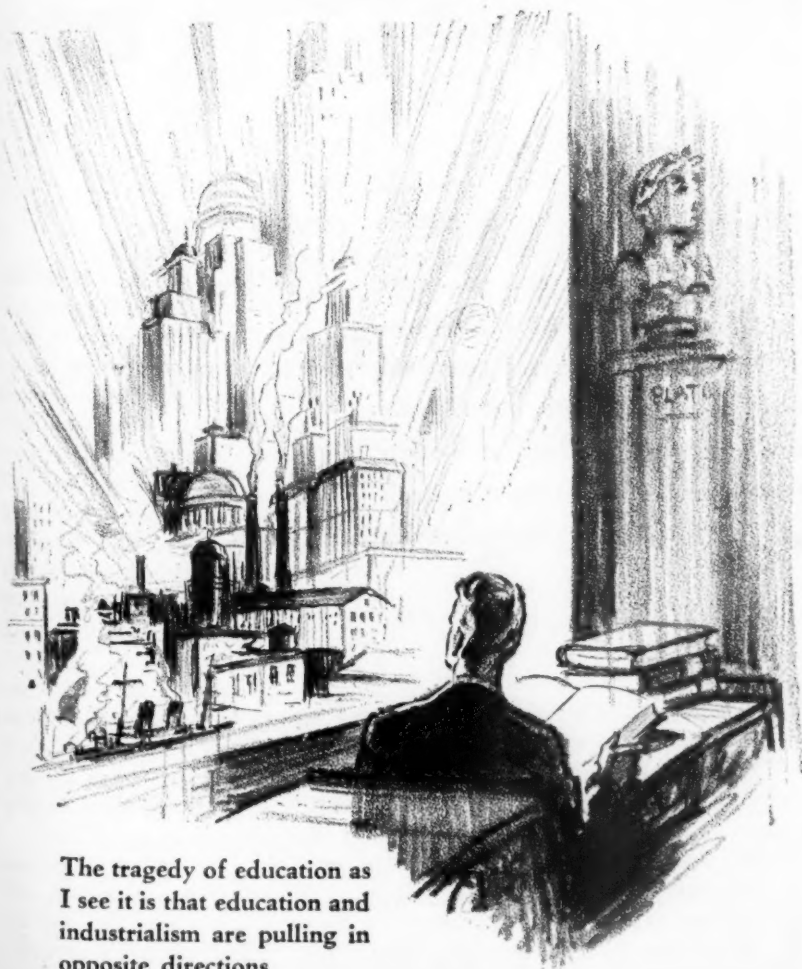
EDUCATION is not an episode limited to the few years at school. It is a life-long process which yields its fruits only on condition that you never break it off, and that each stage in it grows naturally out of the stage that went before and leads as naturally to the stage that follows.

In other words, we must cease to think of education as a professional enterprise and learn to think of it as a social enterprise, needing for its right fulfilment the active cooperation of the entire body of the citizens.

There should be no difficulty about this. In our political life the mental readjustment I am pleading for was made long ago.

It is a commonplace of democracy that every citizen takes an active part in the government of his country; that he is there not merely to be governed but to help in governing. All that is needed is the translation of this political commonplace into the corresponding

(Continued on page 218)

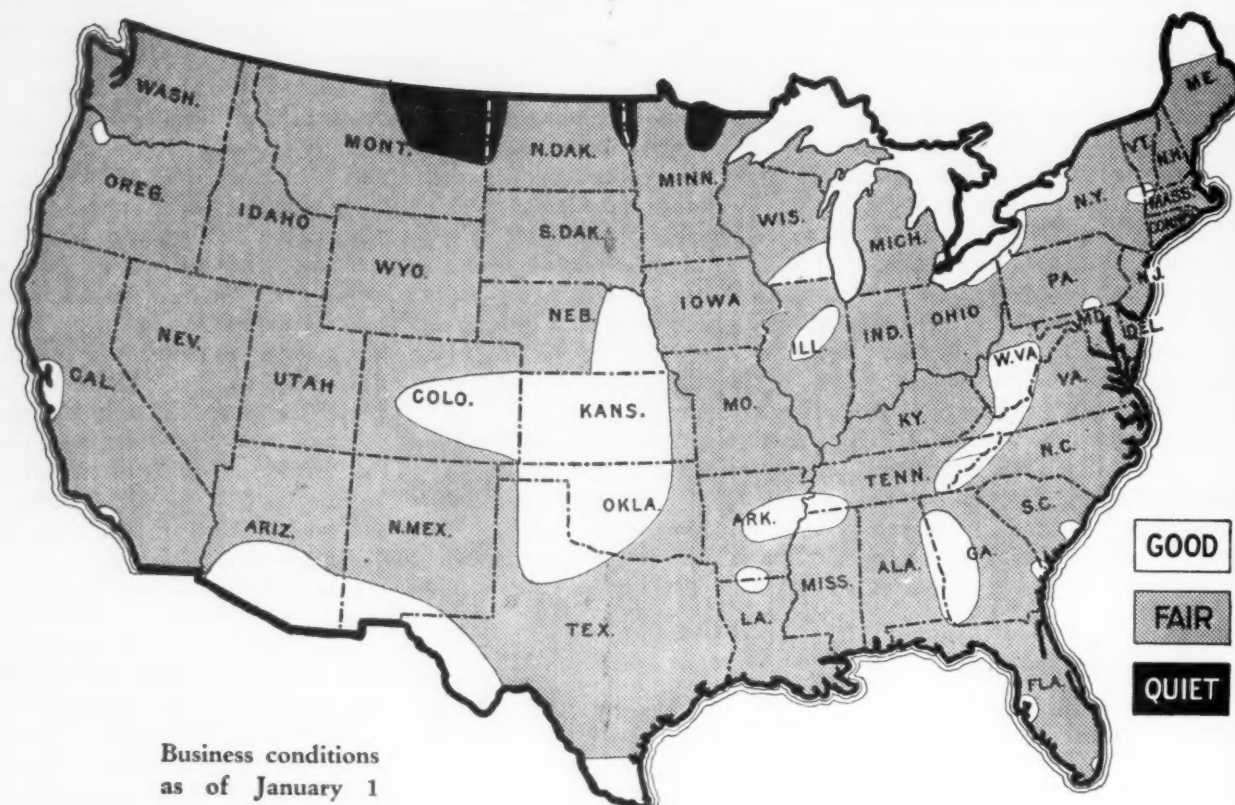


The tragedy of education as I see it is that education and industrialism are pulling in opposite directions

The Map of the Nation's Business

By FRANK GREENE

Managing Editor, Bradstreet's



Business conditions
as of January 1

BUSINESS IN GENERAL IS BETTER

"**O**F making many books there is no end," said the Preacher. If he lived today he might say, "of making many annual reviews there is no end."

Meanwhile the subject of the reviews is pursuing a rather quiet existence. Indeed, if another simile were to be used, it would be that the business ship, at the date of writing, lies in a sort of holiday backwater while the crew goes over the ship and the cargo to ascertain the condition of the one and the prospects for a market for the latter.

As to the past year, it may be said that the trends visible in November held true in December. Wholesale and jobbing trade and industry quieted somewhat more than was the case a year ago. But retail trade, although reduced somewhat by a severe winter

THIS month's map reflects the generally satisfactory condition of business the country over. Readjustments have occurred in the white areas since last month, but little if any diminution. Only in limited areas in the Northwest does quiet prevail while elsewhere business is fair to good.

storm, kept up a fairly good pace as regards volume, with some doubt existing as to whether dollar value was quite as great as during the like month a year ago.

As to the year as a whole, there is quite general agreement that it was big and active until September when, as noted in these pages in the November NATION'S BUSINESS, some discordant notes were heard. These notes had to

do mainly with the facts that heavy industry in the late summer had ceased to expand further, although still showing gains over a year ago; that crops in some areas had been reduced; that in brief the situation was "spotty." The events of the last quarter of the year are too recent to need description but, generally speaking, there were nine good months and three not nearly so good.

A nearly ideal twelve-months' history for trade and industrial volume, in fact, might have been made up, if this were possible, out of the last three months of 1928 and the first nine months of 1929.

However, as a President of the United States once said, it is a condition and not a theory that confronts us, and we have to take to heart the fact that, while a record-breaker in nearly all lines, the year's leave-taking was not quite as

STEELDECK ROOFS



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STEEL WINDOWS

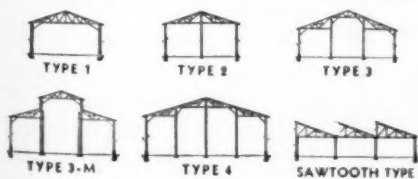
STEEL DOORS

Permanent Products for All Buildings

Fire safety and permanence are now available to all buildings at economical cost. The complete line of Truscon Steel Building Products efficiently meets every requirement of building construction. Included are all types of Steel Windows and Steel Doors; Steel Joists, Steeldeck Roofs and Reinforced Concrete construction; Metal Lath and Hy-Rib for plastered partitions, ceilings, stucco and furring; Weltrus Steel Poles and Structures for transmission and distribution lines, as well as Concrete Road Reinforcement, Pressed Steel Parts and Waterproofing and Maintenance Products. Long specialization, extensive experience and advanced manufacturing methods enable Truscon to offer these quality steel products at a price which makes them practical for any building. Write for suggestions, literature and quotations.

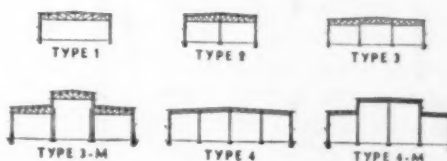
Standardized Steel Buildings

SERIES "A" and "C" — Pitched Roof Types



The combinations of standardized units give individuality of design. All types and sizes—flat, pitched, monitor or sawtooth roofs—steel windows, steel doors and insulated Steeldeck roofs. Truscon cooperates fully with architects and contractors.

SERIES "B" — Flat Roof Types



TRUSCON STEEL COMPANY, YOUNGSTOWN, OHIO

Truscon Steel Company of Canada, Limited, Walkerville, Ontario

Warehouses and Offices in all Principal Cities

SAVE WITH STEEL

When writing to TRUSCON STEEL COMPANY please mention Nation's Business

pleasant as was most of its visit. This has resulted in a slight scaling down of the gains earlier shown, but the year set up some records that may not be equalled for a while at least.

This was particularly the case in steel output which, according to the *Iron Age* estimates, gained 8.4 per cent while pig-iron output increased 11.2 per cent, both of these new high records. Pig iron's smaller gain of 5.8 per cent over 1923, the previous record, shows that there were also giants in other days.

The automobile industry likewise broke all records, with an estimated gain for the year of about 25 per cent, while bituminous coal output gained 4.9 per cent and anthracite production 1.7 per cent.

Other important gains, these mainly for 11 months, were coke production, 14.7 per cent; lake ore shipments, 20.7 per cent; cotton consumption, 9.3 per cent; electricity output, 13.8 per cent; lake freight traffic, 6.9 per cent; gasoline production, 15.7 per cent; crude-petroleum production, 12.5 per cent; rubber consumption, 9.4 per cent, and car loadings, 2.4 per cent. Copper shipments gained 5.9 per cent; lead shipments, 4.8 per cent, and silk deliveries, 9.4 per cent.

In the ten months' records we have a gain in public-utility gross earnings of 3.5 per cent, and in net of 16.9 per cent; in railways a gain of 4.3 per cent in gross, and of 12.8 per cent in net; in railway freight traffic of five per cent, and in shoe production of 5.1 per cent.

Building lessens slightly

INDUSTRIES showing decreases included building permit values, which were 9.4 per cent less, and cement production, with a 2.9 per cent decrease. To these may be added lumber and common brick with probably smaller but undetermined percentages. It will be seen here that building and kindred trades were all of them within the shadow of earlier overbuilding or higher money rates. These latter have definitely disappeared.

In financial lines for the full year, bank clearings gained 14.9 per cent and debits 15.5 per cent, new capital issues decreased a small fraction,

and failures fell off 3.2 per cent while liabilities increased 21.4 per cent. New York Stock Exchange sales of stocks gained 22.2 per cent and bond sales 2.7 per cent.

Retail trade shows gains

IN retail trade for the year, mail-order sales gained 26.8 per cent, chain-store sales 15.1 per cent, the two combined gained 20.1 per cent, and department-store sales increased about three per cent. Regarding this matter of chain and mail-order sales gains, it may be said that these figures cover all stores this year and last. Identical store sales gains may be smaller than above.

Crop results in 1929 were not especially enlivening. The seven leading cereal crops yielded, in the aggregate, ten per cent fewer bushels and five per cent fewer dollars, this latter calculation based on December 1 Agricultural Department prices in both years.

The total value of 50 leading crops, \$8,580,528,000, was the largest since 1925, gaining \$85,000,000 or one per cent over 1928. The lowly potato crop

was valued at \$469,000,000 as against only \$251,000,000 in 1928, a gain of 87 per cent on a decrease in yield of 23 per cent. The secret of this was a value per bushel due to the shorter yield. Another "lowly" crop, the peanut, showed a high-record yield as did its colleague, onions, the two crops reaching new totals of production but both being well down the scale in value.

Oranges, with a decrease of 38 per cent in quantity, almost equalled the record value of 1927, and the gain in value of the potato crop, \$218,000,000, more than offset the decrease of \$197,000,000 in seven cereals. In fact, one conclusion that might be possible from a study of crop yields and values is that it pays to raise short crops.

Corn leads in crop value

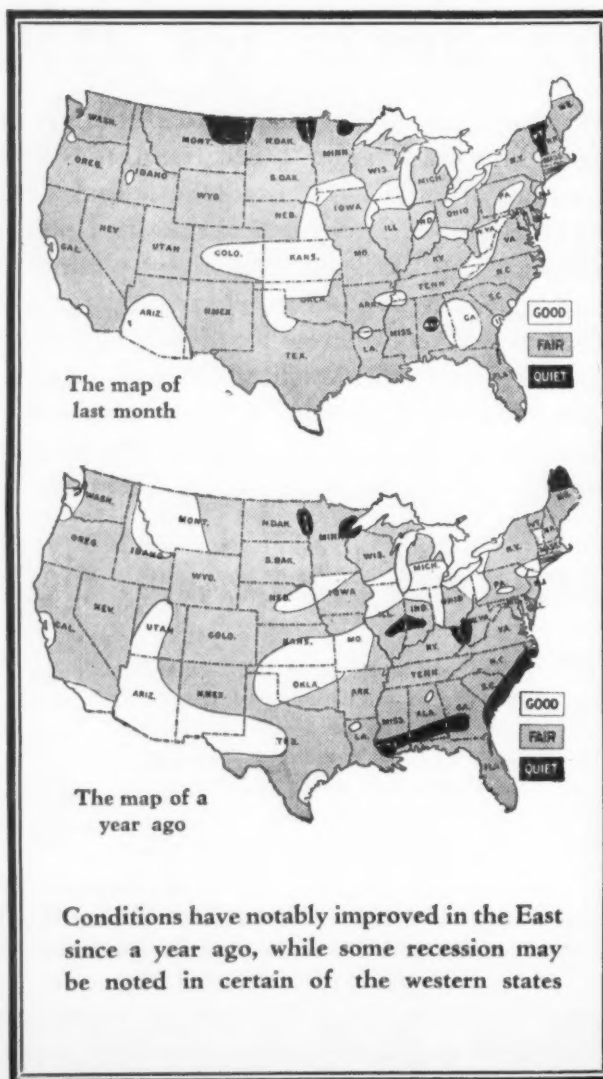
THE corn crop brought the largest financial return, \$2,048,000,000, hay coming next with \$1,349,053,000 and cotton third with \$1,225,000,000, with decreases in value from 1928 of 3.3 per cent in the case of corn and of 5.8 per cent in cotton, but with a gain in hay of 8.8 per cent.

Drouth was the chief drawback, greatly reducing the yields of spring wheat, which, being under the shadow of the large old-crop surplus here and in Canada, not only fell 32 per cent in size but also 22 per cent in value from the year before. Potatoes, oats, barley, apples, peaches and oranges also suffered from dry weather.

The winter-wheat area planted in the autumn of 1929, 43,690,000 acres, marked a gain of two per cent over last year with a condition of 86 as against 84.4 a year ago. With moisture abundant in the fall, especially in the Southwest, this crop had a good start on an increased acreage.

Two developments of the late months of the year are worth mentioning because of their possible influence on the new year's trade. These were the retrograde movements in export trade and in commodity prices, which became especially marked in the last quarter of 1929.

Export trade in November fell by \$97,000,000 or 17.7 (Continued on page 182)



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A 200 Million Acre Land Problem

By W. DuB. BROOKINGS

Manager, Natural Resources Production Department, U. S. Chamber of Commerce

A NEW and interesting chapter in the history of the United States' public land policy may be written as a result of President Hoover's suggested proposal to turn over to the states the surface rights of a tract larger than the combined areas of New England, New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia and North Carolina.

The 200 million acres involved in this proposed transfer are less than half the remaining public domain. The Government owns 55 per cent of the total area of the eleven so-called Western Public Land States, but 216 million acres are in national forests, national parks and Indian reservations which would not be affected in the transaction.

Who should have it?

THE lands involved, usually referred to as the unappropriated public domain, are valuable chiefly for their grazing and water resources and the states, frankly, are having some difficulty in deciding whether or not they want them. Spokesmen of western states have expressed differing opinions as to the advantages and disadvantages. So President Hoover has appointed the "Commission on Conservation and Administration of the Public Domain" to determine a course of action. Former Secretary of the Interior James A. Garfield, of Cleveland, is chairman of this committee and among its 20 members are a large proportion of western representatives.

The states most directly affected include Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. If the proposal is carried out Nevada would get

surface rights to more than 53 million acres and the other states lesser amounts ranging down to 951,903 acres for Washington—and for purposes of comparison note that the total area of Massachusetts is approximately five million acres.

Those favoring state control, for instance, point out that the Government's policy, or rather lack of policy, is responsible for enormous loss of grazing resources. Their arguments now are about as follows:

Use of the unappropriated public domain is, theoretically, free to any American citizen. If he wishes to graze stock on any of these lands, he is en-

titled to do so. This very freedom of the public range has led to overgrazing and to barren soil in many regions.

Too much grazing hurts land

DESTRUCTION of the grass permits rapid run-off of water. As a result many western streams that, 25 years ago, kept between well defined banks are now, at times, raging torrents that spread over the land in often changing beds. Vast gullies, in some instances, almost canyons, have been washed in lands that were formerly meadows and silt is being carried down to fill the dams of the irrigationists and of the power companies.

These conditions are often in sharp contrast with those on privately owned lands where the range is in many instances equal, and often even better than in the early days.

Since water is a limiting factor in western development, any increase in its supply or increased efficiency in its use would mean increased opportunity.

Secretary of the Interior Wilbur has expressed the belief that the West is "water conscious" and that, being the party most directly interested, it could deal more intelligently with the problems of water conservation than can the Federal Government. He sees President Hoover's suggestion as an application of the American philosophy of putting the initiative and ingenuity of the citizens on the ground at work solving their local problems.

In a word, the President and Secretary believe that the people of the West whose welfare depends upon the best use of these resources can determine the best methods of development and use. Every grazing region, every watershed, becomes an extensive experiment-

(Continued on page 154)



PRIVATELY OWNED LANDS
GOVERNMENT OWNED LANDS
—National Forests
—Unappropriated Public Lands
—Other Government Reservations: Indian, Oil, Mineral and Power, National Monuments, National Parks.

"DO we want the surface rights to 200 million acres of unappropriated public land within our borders?" Western states are asking that question as a result of the President's proposal to turn these lands over to them. The map shows the extent of the Government's holdings

Colgate, too ... demands packaging efficiency

TODAY, more than ever before, manufacturers realize the importance of efficient packaging. Mass production, intensive competition, narrow profit margins have made packaging speed and accuracy important factors in final costs and profits.

Warren Davey, engineer of the Colgate-Palmolive-Peet Company voices the new thought when he says "Elimination of waste and high efficiency in every phase of production must be consistently practiced if a manufacturer is to survive in the face of present-day competition." And to carry out these policies in their immense packaging operations the Colgate-Palmolive-Peet Company use Pneumatic Packaging Machines. They bought their first Pneumatic machine in 1908, and continued to buy them as their production increased until today they have 164!

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WARREN DAVEY

Engineer . Jersey City Plant

Colgate—Palmolive—Peet Co.

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The New Spirit in Trade

By GEORGE L. PLANT

Director, Bureau of Trade Relations, National Retail Dry Goods Association

MAYBE the maker and the distributor of merchandise are not the mortal enemies they have long thought themselves to be. Maybe, too, the old idea that each is fair game for the other, that getting the best of the other is smart business—just possibly these suppositions aren't so right, after all. Apparently they are on the way out. A new day seems to be dawning at least for some of the more intelligent of the mass manufacturers and mass distributors. Both are beginning to see that the field of distribution should be a cooperative area rather than a battle field. Very definite signs of cooperation are beginning to be in evidence.

Growth of cooperation

THERE is a growing desire on the part of the larger producers and distributors to recognize the other fellow's viewpoint and to study and solve together the common problems with which they are confronted.

Garment manufacturers recently solicited the aid of retailers in overcoming the difficulties of the trade by participating in a general conference of the whole industry to discuss the situation and to suggest means of correction. Readily responding to this request, some fifty prominent executives of large and progressive department stores attended the conference and expressed a willingness to discuss jointly means of placing the industry on a more economical and profitable basis.

In the silk industry, manufacturers and retailers are uniting to determine the proper and most effective standards of weighting and finishing. In the knit underwear industry, producers and distributors are mutually agreeing upon the methods of labeling merchandise with reference to its wool content.

Manufacturer and retailer must work together if they are to continue to operate efficiently and profitably. The day when manufacturers could afford to disregard retail customers in determining the type of merchandise to be produced or when retailers could afford to ignore

the consumer's wishes is past. The interdependence of members of different branches within an industry is clearly recognized.

Consumer demand has become the principal guide of the merchant. He must study constantly and scientifically the merchandise requirements and demands of his customers if he is to provide efficiently the right kind of merchandise, in economical quantities and in the least expensive manner possible. To accomplish this, the retailer of necessity must work hand in hand with the manufacturer.

The merchant's anticipation of consumer requirements is of little purpose if he does not cooperate closely with the manufacturer in seeing that the required merchandise is produced and available at the proper time. And conversely, the manufacturer is dependent upon the assistance and cooperation of the retailer in accurately determining the kind and quantity of merchandise for which there will be a ready market.

A specific example of the increasing cooperation between manufacturer and retailer is to be found in the policy of so-called hand-to-mouth buying but more correctly termed buying to current needs. This policy has been criticized and debated extensively more because it was wrongly named than because the practice was uneconomical. Rather than a deliberate attempt of the retailer to make the manufacturer assume more of the burdens and risks of merchandising, it represents a constructive effort to coordinate production with consumer demand.

Buying to current needs involves the placing of orders sufficiently in advance to permit the manufacturer to produce and ship the merchandise required. This necessitates not only an accurate and scientific determination by the retailer of his future merchandise requirements but also close and constructive cooperation with the manufacturer if an even, steady flow of commodities from the producer to the consumer is to be maintained and the production of surplus stocks is to be avoided.

Collective determination of recognized price lines is another form in which

closer cooperation is being achieved. A study of his customer's buying habits has revealed to the retailer that the consumer tends to concentrate her purchases of certain articles within definite price ranges and that the demand for goods outside of these price lines is both limited and uncertain. Through cooperation, retailers and manufacturers have agreed upon well defined price ranges and by concentrating on these lines in production and distribution have avoided many wasteful and misdirected efforts.

While retailers are still buying to a price, we find them establishing together with the manufacturer, certain minimum standards of construction which must accompany a particular price to insure serviceability of the merchandise to the consumer. There is a tendency on the part of large retail organizations in placing orders to discuss first the construction and quality of merchandise with the manufacturer before considering price.

Improved trade practices

ANOTHER important field in which this new cooperation is developing is in the elimination of unfair trade practices between producers and distributors. Realizing the waste and friction caused by these unethical practices, department and specialty store executives have established through the National Retail Dry Goods Association, a permanent committee and a special bureau to effect their elimination.

This Committee comprised of leading executives of eleven prominent department stores located throughout the country is receiving the direct cooperation of manufacturers in studying existing conditions within specific industries and in establishing Standards of Business Practice to serve as effective guides for buyers and sellers.

During the next few years, progressive manufacturers and retailers will work together to an increasing degree in solving their common problems. Those concerns which do not conform will find it increasingly difficult to operate on an efficient and profitable basis.

"Profits"

I How They Can Be Increased I I In Your Business In 1930 I

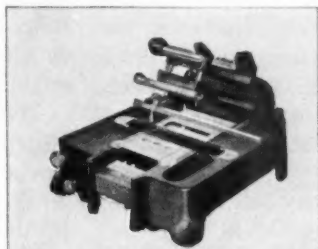
"PROFITS" — the most important word in business. You must have profits if you are to go ahead successfully. Profits are essential — competition is keen for every "profit dollar".

This year profits will go to concerns that get things done more efficiently and at lower cost.

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mailing lists — provide a control system for keeping customers active . . . Check up on hand work in your business today. What is it costing you in time, in cost, in unrealized opportunities?

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TRADE MARK

PRINTS FROM TYPE

A New Way to Cut Selling Costs

By ROBERT R. ELLIS

Chairman of the Board, The Mutual Drug Company and Ure Druggists, Inc.



Robert R. Ellis

MASS PRODUCTION, which forces down the manufacturing cost of many widely known articles, may increase the cost of distributing those articles. Every attempt to lower distribution cost must take that paradox into consideration.

The problem of lowering distribution costs is admittedly difficult. To many it seems so baffling a complication of our economic system that only a major operation can bring about improvement. But drastic treatment of economic ills rarely brings the right results. There are better and milder remedies at hand in the case of distribution, remedies that will benefit the patient without exposing him to the dangers of economic surgery.

Our organization, The Mutual Drug Company and Ure (Your) Druggists, Inc., has worked out a program calculated to bring about this improvement. It is already operating and is increasing in scope to national proportions.

Although conceived originally for the drug trade I see no reason why it might not be adapted for the grocery, hardware or any other field. Briefly, it is a combination of the old-type wholesaling methods in which I gained my experience, and the newer mutual system of merchandising in which my partner, Frederick T. Roosa, president of our organization, has been an active leader.

At present we maintain general offices

● **MANY** plans have been devised to reduce the cost of distribution by shortening the usual path from manufacturer to wholesaler to retailer to consumer. Here is one, however, that, instead of shortening the route, actually adds another step and finds it advantageous

at Cleveland also offices in New York and Memphis, and own wholesale plants at Chicago, Pittsburgh, Detroit, Columbus, Indianapolis and Kansas City and Cleveland and San Francisco. Affiliated with us are 18 other wholesale houses in central distributing centers, such as Milwaukee, St. Louis, Boston, Los Angeles, Buffalo, Rochester and Baltimore. Supporting this wholesale organization are 15,000 retail outlets, of which 4,500 are definitely unified as the Mutual-Ure Druggists, Inc.

Wholesalers may sell to chains

WE confidently expect to increase our retail outlets to 30,000, to operate 60 to 80 wholesale houses, all chosen because of proved efficiency and strategic location. These will be quite sufficient to insure 100 per cent national distribution.

We expect the time to come when large chain-store organizations will purchase from our affiliated wholesale houses because such a course will be cheaper than the handling of wholesale functions themselves. Perhaps this sounds fantas-

tic but it has already been tried out successfully on a small scale and a chief executive of one of the large drug chains has assured us that this service will be welcomed when we are ready to offer it.

In moving to lower distribution costs we will add one more link to the distribution chain by establishing four strategically located warehouses that will act as superwholesaling houses to member establishments.

These superwarehouses will help both our member wholesalers and manufacturers. We expect them to justify themselves, not only by improved service, but by the actual dollars and cents saved.

They will save bookkeeping, billing and collection expense for manufacturers who, instead of sending small shipments to many wholesalers, will send large shipments to these master warehouses.

For the wholesaler, the superwarehouses will act as levelers or clearing houses. They will lift excess merchandise from the shelves of one member where it is not in demand and place it on the shelves of another who can sell it.

The recent Louisville distribution survey showed that in the grocery field amazing quantities of dead stocks exist. If this is true in the grocery field, it also must be true in the drug field, since analysis has shown that 25 per cent of the merchandise in wholesale drug establishments brings in 85 per cent of the business. However, stock that is dead in Baltimore may not be dead in California or Alabama. Transferring it intelligently may prove of greater value than has been suspected. Wholesale members will perform a similar service, on a smaller scale, for their retailers.

If this were the sole advantage our mutual plan offers, it would be an im-

(Continued on page 200)



Frederick T. Roosa

Things Our Merger Has To Face

By LEW HAHN

President, Hahn Department Stores, Inc.

ILLUSTRATIONS BY DARCY



PART III

IN AN earlier article in this series the statement was made that under modern conditions, intelligent and economic buying in any field is becoming increasingly difficult without specific knowledge of how and where the commodity is to be sold. This is trite in principle, but business as a whole is still a long way from having accepted it in practice.

Even in enterprises where the consumer is actually consulted first, the function of buying still occupies a position out of all proportion to its relative real value. After all other functions have been considered in their true perspective, this one is singled out for enlargement.

The reason for this attitude is plain. It is difficult to shake off the habits of centuries. From time immemorial, until the past quarter of a century, the progression of business thinking had been in accordance with the physical motion of the merchandise.

Reduced to its simplest terms, business was simply this—a man made something and then tried to sell it. All other functions which have been developed since—jobbing, wholesaling, storage, transportation, retailing—are simply extensions of this fundamental process. Therefore it was natural and logical, in the past, for men to regard production as cause and the final sale as the effect.

In my opinion, business historians of the future will say that the great contribution of the early twentieth century to social and economic well-being has been the reversal of this philosophy.

From the point of view of those identified with this movement it may have appeared to be painfully slow, but in the light of history its pace has been revolutionary.

Business must serve the public

WITH unlimited progress still to be made, business as a whole in this country is now definitely committed to the policy of searching for and determining human needs, not only as a first step but as the single function which may be regarded as continuous. That is what has stepped up the tempo of change in old industries. It is what has made it possible for new ones to jump almost overnight into national stature.

A poorly conceived, badly managed or careless buying department may wreck a business just as rapidly under this new philosophy as it did under the

★ IN the past, says Mr. Hahn, men regarded production as a cause and final sale as an effect but today business is searching for and determining human needs. In this article he tells how this new trend governs the buying in Hahn Department Stores, Inc.

old. But now, when the logical first steps have been taken in their proper order, the danger of bad buying is greatly reduced.

The personal opinions, tastes and preferences of individual buyers or of groups will have their value still, but they will be pointed, directed and informed by specific knowledge of immediate consumer demand and of future needs. In other words, buying should be based on human needs and preferences instead of on manufacturers' stocks of goods.

That is the philosophy of buying in Hahn Department Stores, Inc. It eliminates or materially reduces the importance of such considerations as the domination of supply sources, which were essential under the old order. Yet the hardest part of the buying job is to convince manufacturers of this fact.

At least 90 per cent of the questions

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put to us concerning our buying plans and programs have been predicated obviously on the belief that eventually we shall do our own manufacturing, sell only our own brands, dictate terms to producers, stamp out the independent and destroy the initiative, originality and imagination.

Will not replace manufacturers

THE TRUTH is, as we see it, that we are enlarging the opportunities of all the individuals and groups with whom we shall have relations. We are distributors and our purpose with respect to the acquisition of merchandise is to eliminate chaos and guesswork. We will never undertake any part of the manufacturer's job unless we are actually forced into it, and that possibility seems too remote for contemplation. We may standardize some brands throughout our system and have them made for our exclusive use eventually, but we certainly do not intend to discriminate against any nationally advertised product demanded by our customers, which

out of their production programs. It brings to them at one spot a national cross section of consumer demand. This should offer them the opportunity to cut costs and prices by eliminating or reducing the proportion of total output now being sold at a loss because it is not what consumers want.

In fashion lines—notably wearing apparel of all kinds for men, women and children, and to some extent in every article of merchandise sold in department stores—obsolescence is a factor of first importance in the rising costs of distribution. But, even more than that, it is a barrier to the free and natural expansion of markets, for, in the long run, those articles that fill a public need and are sold in large quantities must pay for the losses sustained through sacrifice sales of merchandise which has missed the market.

I have already described how we expect to reduce expenses through the operation of other departments of our central organization. We expect to carry that reduction along through our buying operations, but we feel that the chief

They are women's, children's and infants' ready to wear, home furnishings, men's and boys' wear, fabrics, main floor accessories, and basement goods. These are being operated by Hahn Department Stores Purchasing Corporation, a subsidiary of Hahn Department Stores, Inc.

A resident manager is in charge of each group, and it will be his duty to maintain contact with the divisional merchandise manager of each store as well as to supervise the activities of the specialists under him.

These specialists will place orders in some instances, but, strictly speaking, they are not buyers. We call them market representatives. In general it may be said that their function is to do the immense amount of preliminary work that no individual department store buyer can find time to do, so that whether he comes to New York or remains at his store headquarters he may obtain instantly, on any business day, a complete picture of what the whole market offers in any article of merchandise.

The store buyer will have also, to judge this picture, not only what he knows of the operations of his own store, but the advice and recommendations of specialists who know what is happening in every other unit.

Big job for buyers

WHEN it is stated that a market organization has been planned which eventually may direct the buying of hundreds of millions of dollars worth of merchandise a year to supply department stores all over the country, it is perhaps natural that the job should be thought of as complicated.

Certainly it is a big task, and just as certainly it will develop problems of management not now foreseen which must be met and solved as they arise. But with the experience behind us we do not see it as a field of increasing complications. On the contrary, we are convinced that simplification will suggest itself here exactly as it did in mass production. After all, the problem is merely one of first coordinating and then enlarging market study and buying activities heretofore scattered all over New York.

To this end we have already in operation one hundred rooms for the display of salesmen's samples, together with others for our own fashion display to



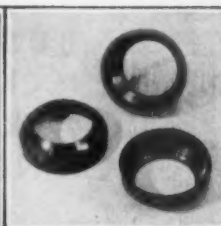
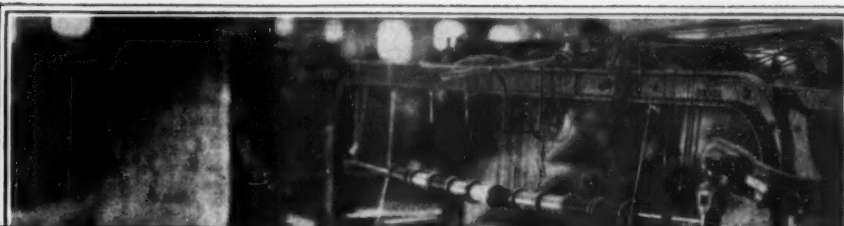
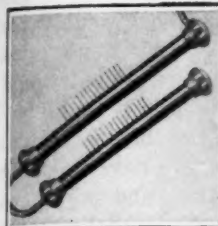
Planning a market organization to direct the buying of department stores all over the country may seem to be a complicated task

measures up to our standards of fashion, quality and price.

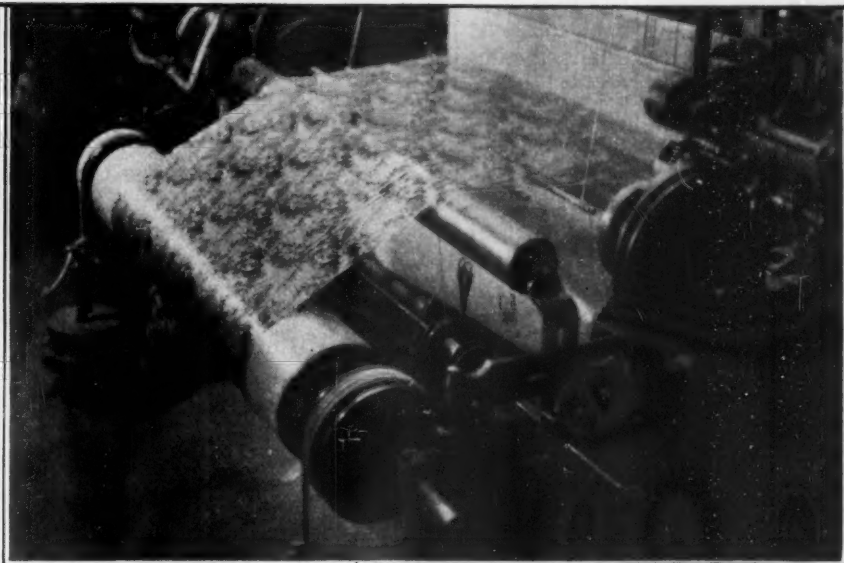
Some extremely successful manufacturers have been quick to recognize the value to them of our buying organization as a source of specific information. Whether or not they get orders from us, this information helps to take the gamble

contribution of the buying function will be positive rather than negative—the removal of barriers to the expansion of our sales.

To this end the buying organization has been set up in six divisions corresponding to the natural merchandise divisions of each department store unit.



BAKELITE SURVEYS A NATION'S INDUSTRIES



TEXTILE

Although spinning thread and weaving cloth may be numbered with the oldest of the arts, the textile industry of America is perpetually modern. It is ever striving to produce newer, finer and more beautiful fabrics. It welcomes the development of improved equipment and processes. This spirit of progress accounts for the prompt acceptance of textile machinery parts made of Bakelite Materials.

Cones for the wet winding of silk fibre, Godet wheels and pots on rayon spinning machines, and shuttles on looms for weaving heavy

fabrics, are formed of Bakelite Molded. Bobbins that for centuries were made of wood, gears that were made of metal, static eliminator bars and numerous other parts are successfully made of Bakelite Laminated.

Improvements in the manufacturing processes, and in the products of practically every industry have been effected through Bakelite Materials. To aid you in determining their adaptability to your own needs, we invite you to write for Booklets 42-M, "Bakelite Molded" and 42-L, "Bakelite Laminated."

NEXT MONTH AUTOMOTIVE INDUSTRY

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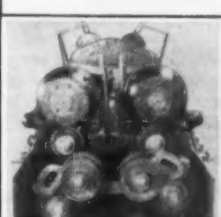
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THE MATERIAL OF  A THOUSAND USES

The registered Trade Mark and Symbol shown above may be used only on products made from materials manufactured by Bakelite Corporation. Under the capital "B" is the numerical sign for infinity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

When writing to BAKELITE CORPORATION please mention Nation's Business



THESE BUSINESS-LIKE CHECKS HELP TO ATTRACT BUSINESS



Today, every business is judged by the outward marks of success, alertness, up-to-the-minute methods.

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Checks written on the Instant Safe-Guard Check Writer are business builders, for they carry the unmistakable suggestions of accurate, efficient, modern methods, throughout a business as a whole.

Keep step with the pace-setters. In every line of business, they have standardized on Safe-Guard Check Writers. Their adoption of this method has made it the preferred check writing practice of today.

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One stroke fills the amount line with big indelible figures . . .

Macerates the payee's name, otherwise a vulnerable spot . . .

Prints owner's registered number or, if preferred, a special name or trade mark.

Safe-Guard checks are positive protection against forgery or alteration—backed by a \$10,000 indemnity policy issued to every purchaser.

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Lansdale Pennsylvania

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guide our buyers. We have perfected an office procedure for receiving daily more than 3,500 manufacturers' representatives, 500 store representatives and 24,000 telephone calls. This volume has not been reached as yet, but the system has been functioning since July 1.

A manufacturer's representative calling at buying headquarters is first directed to the division where his line of merchandise is purchased. He is there informed immediately as to whether the person he wants to see is in, and whether that person is inspecting merchandise on that particular day or at that particular time.

If our market representative is looking at merchandise, the manufacturer's representative receives a card which he fills in and drops in a box bearing the name of our representative. This is carried back by a runner, who returns at once with the answer that the salesman will be seen, that he will not be seen, that he should call at a specified time or that our market representative will call on him. This information is posted on a blackboard, and identified by the number of the stub the salesman holds.

Seeking new merchandise

OPPORTUNITY will be given for manufacturers offering large and comprehensive lines of merchandise to consult with the resident market managers of each division and, of course, with store buyers. Our market representatives also will seek merchandise wherever it may be found, which is to say that they will not wait for it to be brought to them. Already we have arranged with manufacturers to develop certain lines for us, but our market representatives are always on the lookout for new resources which promise to be valuable. This is of particular importance in fashion lines, and fashion or style is now influencing even the hitherto most commonplace merchandise.

No matter how adequately we may be able to analyze fashion and identify its constituent factors, we recognize that the manufacturer will continue always to be perhaps the most important contributor. We want to work with him. Judging by present knowledge, style bears an important relation to art and invention.

No one knows from what source it may develop. We think of Paris as the fashion center of the world, but many manufacturers of popular lines tell us that they get as many ideas from the Main Streets of typical American towns and cities as they do from abroad.

To go in for any large-scale manu-

facturing on our own hook would have the effect of concentrating our sources of supply in a few hands, and would close our doors to originality and imagination. This is no part of the program we have laid down. We have no desire to control production, and so far as control is concerned, our policy must be one of hands off. On the other hand, we intend to maintain our own independence as retail distributors.

Good will is perishable

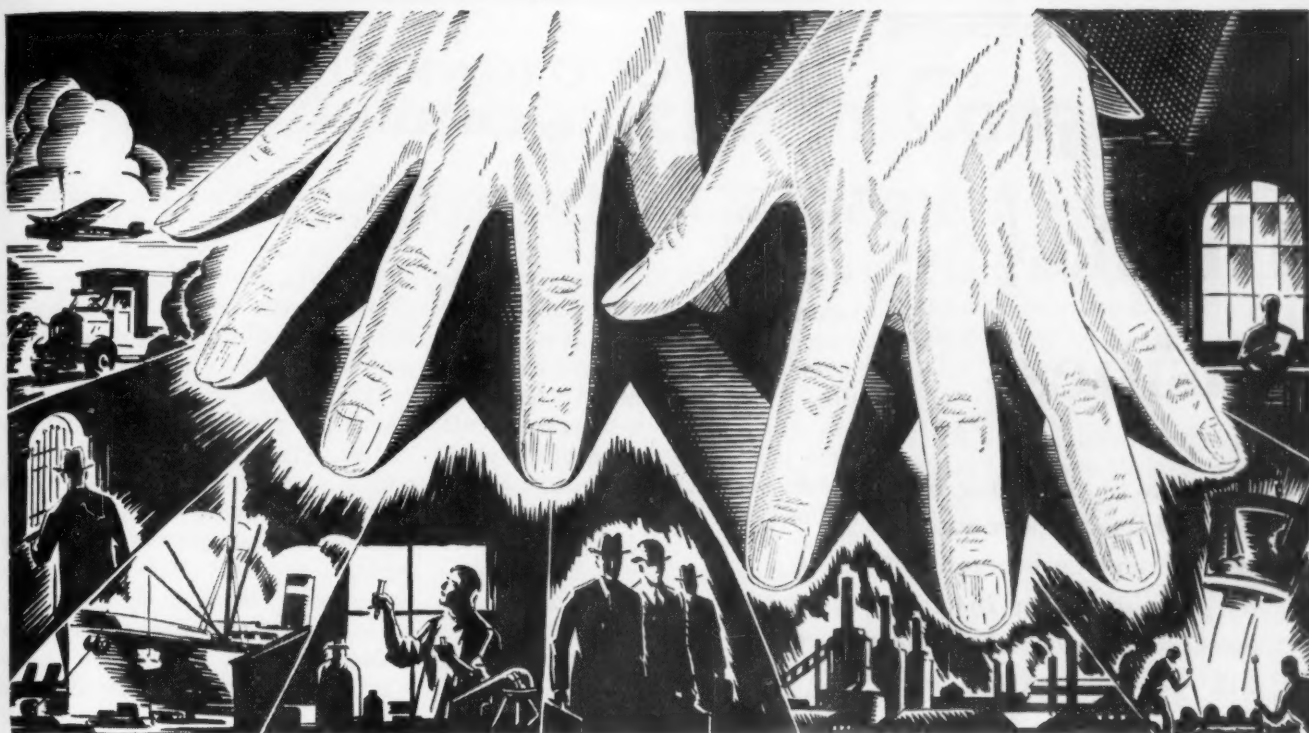
IN THE bulk of his purchasing the consumer today is placing greater dependence on the reputation of the seller in determining whether quality and price are what they should be. There is far more to this than is ordinarily meant by the term good will. It implies that the seller who earns it may develop a confidence among his patrons similar to that placed in a savings bank. Obviously, however, this carries with it a new responsibility. Good will is related to momentum, and may be retained to some extent, although in dwindling quantities, long after it is deserved. The type of confidence a merchant may earn today by long and patient work, on the other hand, may be destroyed overnight.

That is why we think it is becoming increasingly necessary for the buyer to regard himself as the agent of the consumer in assembling merchandise, rather than as an expert. It is no longer enough for him to know that his organization can make a profit on a line of goods. He must have some measure to determine how the consumer will feel after the transaction has been completed and the line has been closed out.

Hazard, as I have said before, cannot be eliminated from any phase of business, but we believe it can be reduced. That, after all, is the only way the large organization may survive. It may help itself only by helping both the producer and the consumer.

THE RECENT series of holdups of wealthy persons, a jeweler points out, has boosted the artificial gem business. Wealthy owners of extremely valuable diamonds, sapphires and other stones find that it is about as cheap to have artificial duplicates made as to pay the cost of insurance against theft of the originals.

Moreover, says the jeweler, after a woman has worn jewelry containing artificial gems, it often dawns on her that they are about as beautiful and satisfying as genuine stones.—F. C. K.



A finger on every department of your business

*A system of day-to-day control
that keeps you posted on
every trend*

THE busy-looking office... the busy-looking factory... enthusiastic verbal reports from department heads—none of these necessarily mean that business is making profits.

No matter how prosperous the scenery may look, it is the cold, hard figures from every department—compiled every day—that tell the true story of your trend.

When an executive has all the vital facts and figures before him, posted up-to-date each day, he has his fingers on the safest index upon

which to base decisions and to chart future operations.

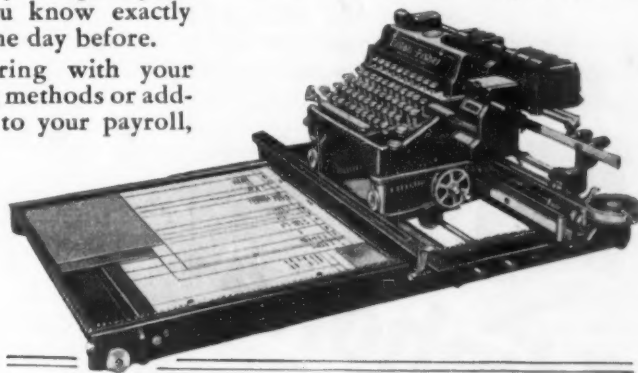
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NEWS OF ORGANIZED BUSINESS

By Willard L. Hammer

Trade Association Award

RECOGNIZING the great economic force that the trade association is in the industrial and commercial life of our country, an anonymous donor established the American Trade Association Executives' Award in the spring of 1929. It was thought that this award would focus public attention upon the meritorious work of the trade associations and stimulate in industry a desire for higher industrial standards.

The purpose of the award is to promote true service to American industry through trade associations; to arouse the appreciation of industry and the public in the trade association movement; and to inspire the trade association executive with higher standards of effort.

The Award is to be given annually, but for this, the first year, work done since 1920 by eligible contestants will be considered by the committee making the award. Data on achievements must be submitted to the Secretary of American Trade Association Executives, 644 Drexel Building, Philadelphia, before February 15. Regulations governing the award are obtainable from the secretary.

Modernization and Stabilization

IN KEEPING with the President's program for industrial stabilization, The Home Modernizing Bureau of the National Building Industries, Inc., is working to stimulate the modernization of a part of the estimated 12,000,000 homes

in this country which need bringing up to date in one way or another.

The average modernizing job runs to about \$2,000; therefore there is a \$24,000,000,000 market for modernization—a market equivalent to a twenty-year new building program.

The Bureau plans to develop this market in its effort to aid in stabilizing business. The principal effort during the coming year will be along educational lines. Modernization of homes, it is pointed out, beautifies the community, increases property values, gives more employment, betters living conditions, increases civic pride, and results in a more modern city.

It is estimated that the year 1930 will see about \$2,000,000,000 spent on home modernization—a substantial help to the President's program.

Business Education

THE United States Department of the Interior, Bureau of Education, has just released a mimeographed circular listing the collegiate schools of commerce and business. The circular states that four years ago there were 75 such schools in this country while now there are 91.

That growth, while not as spectacular as the growth of some other important things in the same time, does show a steady trend toward better education for business.

The schools are divided between 35 states and the District of Columbia. And the leader is not New York, but Ohio, with its roll of seven.

Where Business Will Meet in February

(From information available January 8)

3	Iron Plumbing Specialty Manufacturers Association	Cleveland	
3	Corset and Brassiere Association of America	New York	
3-4	Common Brick Manufacturers Association of America	Memphis	Peabody Hotel
3-5	National Association of Retail Secretaries	New York	Hotel Pennsylvania
3-7	Western Red Cedar Association	Spokane	Davenport Hotel
4	National Retail Dry Goods Association	New York	Hotel Pennsylvania
4-6	National Luggage Dealers Association	Chicago	
5-7	Sand Lime Brick Association	New York	
10-14	Pacific States Butter, Egg, Cheese and Poultry Assn.	Portland, Ore.	
11-13	Pennsylvania & Atlantic Seaboard Hardware Assn.	Atlantic City	
11-13	American Concrete Institute	New Orleans	Hotel Roosevelt
11-13	National Association of Builders Exchanges	San Francisco	
12-14	Structural Clay Tile Association	Columbus, O.	Deshler-Wallick Hotel
15-23	International Aircraft Exposition	St. Louis	The Arena
17-20	American Paper and Pulp Association	New York	Hotel Pennsylvania
18-21	International Society of Master Painters and Decorators	Minneapolis	Nicolett Hotel
18-23	National Gift and Art Association	Philadelphia	
19	National Kraft Paper Manufacturers Association	New York	Hotel Pennsylvania
19-21	Southwestern Ice Manufacturers Association	Corpus Christi, Tex.	Plaza Hotel
20-22	New England Hardware Dealers Association	Boston	
21-23	Western Retail Lumbermen's Association	Spokane	Davenport Hotel
24-26	National Association of Paint Distributors	New York	Commodore Hotel
24-26	International Naval Stores Conference	Jacksonville	

New Developments in Congress

By FRED DEWITT SHELTON

PROGRESS marked the early days of the regular session of the Seventy-first Congress. Taking their cue from President Hoover's comprehensive program, committees already have advanced numerous projects well on the way to completion.

All hands joined in prompt passage of the 160 million dollar tax cut whereby one per cent is taken from the rate on 1929 income taxes of individuals and corporations. The measure passed with support of Republicans and Democrats alike without amendment. This is taken as a hopeful sign that factional bickering such as has marked the Senate in this Congress may be on the decline.

Appropriations as usual have had first call in the House. Some of the supply bills already have been passed on by that body and others are coming along on schedule.

The President's budget estimates total \$3,830,445,231 compared with \$3,976,141,651 appropriated for the current fiscal year. It is doubtful if total appropriations can be kept to the current year's figures, so compelling are new proposals of the administration.

Increased federal funds for highways are assured. Also an increased public building program of 230 million dollars seems likely to be approved. A rivers and harbor program and new flood control steps may add to expenditures. However, attempts will be made to provide additional funds for public works and other timely projects by reductions in other directions. Naval construction may be deferred. Declining Civil War pensions offset partly increase of World War pensions.

Early action was taken to prolong the life of the Federal Radio Commission when a bill was enacted making this a permanent body. The broader question of federal regulation of all communication facilities as proposed in the Couzens bill is the subject of hearings in the Senate which aided by special counsel will be exhaustive.

Banking

AMONG banking measures will be the familiar plan of Representative Strong, of Kansas, to require the Federal Re-

serve Board to stabilize the price level. It stands little chance of passage.

The President and the Secretary of the Treasury have come forward with suggestions that the branch banking and group banking situation should be studied and a plan worked out for dealing with it. Such a study is being undertaken by the regular committees of Congress.

That would hold up for the moment any legislation such as has been talked of for curbing the present development of chain banking but further liberalization of branch banking law is hardly to be expected at this session. Lively debates on the subject are taking place with promise of considerable feeling to be engendered. The King resolution to investigate Federal Reserve policies, chain banking, bank failures and security markets is being considered by the Senate Banking and Currency Committee.

Numerous bills have been introduced to regulate Stock Exchange trading. The Wall Street securities panic will provide grist for congressional talk all winter.

The Tinkham bill giving the Federal Trade Commission authority to pass on the legality of contemplated mergers is interesting but it meets with little or no support in Congress.

Tariff

THE wearing-out process finally has advanced the tariff bill to the closing stage. Rates will be compromised in conference as always is the case. The export debenture plan probably will come out. The flexible provision will call for the best strategy of congressional strategists.

The democratic-progressive coalition in the Senate seems set against the House-Hoover idea of flexibility by presidential authority and insists it has the votes to make good its stand. The House is in the mood to hold out for its version of flexibility.

Here is a face-saving proposition that may break the impasse—Grant presidential authority to adjust rates as provided in the House bill but submit such adjustments to Congress giving that body 60 days to veto such rate changes with provision that they go into effect

at the end of 60 days only if Congress has taken no action to the contrary by that time.

Railways

THERE is little chance for railway consolidation legislation. Creation of holding companies like Allegheny and Pennroad have completely changed the picture.

Through such companies, consolidation in substance is going ahead outside the pale of regulation by the Interstate Commerce Commission. Even the unification plan recently put forward by the Commission will not be effective if railroads can go ahead with their own unification schemes through holding companies.

It may come down to new legislation to control holding companies. The Senate Committee on Interstate Commerce is fully occupied for some time to come by the question of regulation of communications but the House Committee on Interstate and Foreign Commerce contemplates making an inquiry into the holding company problem.

Fearing high freight rates as the result of the O'Fallon decision of the Supreme Court, Senator Howell has introduced a bill to prescribe by law the valuation principles based on the "prudent investment" theory as followed by the Interstate Commerce Commission in the O'Fallon case.

In this way, the Nebraska Senator would modify the legislative mandate on which the Supreme Court based its stand.

Air transport

THE time is not ripe for federal regulation of air routes and rates, according to Clarence M. Young, Assistant Secretary of Commerce for Aeronautics, who recently went on record to that effect with the House Committee on Interstate and Foreign Commerce which has before it the Cable bill proposing such regulation.

This question will continue to receive much more attention until it is finally disposed of some years hence. The House Military Affairs Committee is

Awakened

BY THE CRACKLE OF FLAMES



The watchman struggled through blinding smoke to a window, and got out just in time. Afterward, he often boasted of his hair-breadth escape.

But the owner of the plant, who paid the watchman to guard his property, was the one who stood the loss.

A pail of water at the right time would have saved the property. But the watchman was sleeping.

Your watchman will not sleep if you check him with a Detex Watchclock System. He will know the record on the dial must inevitably reveal any negligence.

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considering plans for a new Army air service program.

Resale prices

SENATOR CAPPER and Representative Kelly still patiently sponsor the bill legalizing resale price maintenance which has been the subject of controversy in merchandising circles for many years but which never has come near passage by Congress. The Federal Trade Commission is still at work on a study of this problem.

Foreign trade zones

CREATION of areas in American ports where foreign goods can be entered duty-free for transshipment after re-packing or processing has been proposed in the Jones bill in the Senate and the Welch bill in the House. Considerable support for this legislation has grown up. It is advocated as a boon to foreign trade and to the upbuilding of an American merchant marine.

World Court

PROSPECTS are bright for final favorable action on American adherence to the Permanent Court of International Justice although a group of "irreconcilables" is dead set against it.

Our Government has formally signed the protocol. It remains for the Senate to approve the Root formula clarifying America's rights and responsibilities. Such Senate action seems assured when the time comes but the administration may not press for a vote until after the November elections unless opposition subsides.

Flood control

THE Mississippi Flood Control Act of 1928 is unpopular in some affected areas. Despite the provision for assumption of the major costs by the Federal Government there is a move on foot to have the national Government pay for all damage to drainage lands and to extend the federal program to additional flood areas. Senator Robinson, of Arkansas, has introduced such a bill.

Departmental reorganization

THUS far specific government reorganization plans are confined to centralization of war veteran agencies and the transfer of the Treasury's prohibition unit to the Department of Justice.

Congress may name a joint committee

to study the prohibition plan. The commission study being made, under the Department of the Interior, of federal education activities probably will prevent action on the Reed bill for creating a Federal Department of Education.

In the meantime President Hoover has moved in a number of directions to chart a new course for several branches of the Government. This he has done through appointment of special commissions composed of official and non-official representatives, and he has suggested to Congress the advisability of other commissions to make special studies.

Highway program

THE House Committee on Roads has reported favorably on increased federal aid to states for highway construction, making the annual sum \$125,000,000, instead of \$75,000,000 as at present. Senator Phipps, chairman of the Senate Committee dealing with roads, says he expects approval of this measure at that end of the Capitol.

Latent issues

SEVERAL questions have been held in abeyance due to the tariff debates in the Senate but are apt to come quickly to the fore when that bill is out of the way.

We would mention the Norris Muscle Shoals bill which already has been reported from Committee. Then the so-called antilabor injunction bill may be revived any time. Prohibition, of course, is being injected on the slightest provocation whenever interest lags in other matters.

So far coal regulation bills have aroused no interest and may be put aside for the present session. In the House, Chairman Parker of the Interstate and Foreign Commerce Committee intends to try to get action on federal regulation of motor bus transportation.

Few important tasks

SUMMING up the present situation it seems reasonable to say that, despite numerous pending proposals of great group or sectional interest, there are relatively few important tasks of a national emergency character calling for quick action. In other words, there is no immediate hurry for legislation. The country can afford to be patient with Congress while it takes time to evolve sound solutions of most of the issues now under consideration.

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now end the toll of speed and distance

Everything that the larger, softer tire brought to the passenger car, this newest Goodyear Balloon brings to trucks—and more.

Greater cushion it gives in generous measure. It holds the road with a greater grip; pulls through soft going; enables your trucks to put more miles behind them in an hour, a day or a season.

But even more than all this the new Goodyear Truck Balloons are *cool running* at maintained high speeds. The

internal heat which broke down former tires of higher pressure does not develop in these Goodyear Truck and Bus Balloons.

If your tire bills have been mounting, try these new Goodyears. See the costs come down. Consult your nearby Goodyear Truck Tire Service Station Dealer about a change-over on your present trucks. On your new trucks, specify Goodyears—leading truck manufacturers now offer them as optional equipment.



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Looking On in Washington

By WILLIAM HARD

LOBBYLESS LAWMAKING

THE time has come when definite new rules of personal conduct are much needed in Washington. Citizens are greatly misled by their reminiscences of their school-day studies of the Constitution. They hazily remember that somehow or other they are supposed to be possessed of the right of free speech and of the right of petition. They perhaps could not turn off-hand to the spot in the Constitution where these rights are mentioned and supposedly enshrined and safeguarded; but they know, as it were, in their marrows, as well as from their indistinct recollections of remarks addressed to them by their teachers, that to express one's views on public affairs and on public officials and to communicate those views to those officials are American constitutional prerogatives.

They are thus completely misled as to the situation actually existing in the capital of their country. Blinded by the Constitution, they fail to perceive the great reforms that have been effected in our national life by the invention of words which transcend the Constitution and which modify and even reverse its meaning.

One of these words is "lobbying." Another is "propaganda." Our revolutionary and constitutional ancestors were imperfectly acquainted with these words. If they had really known them, they would have refrained from many things that they did.

For instance, just before the Revolu-

tion, they wrote and circulated innumerable pamphlets expressing their ideas about the British Government and promoting various principles and demands regarding government in general. They joined themselves together into groups to do it. Had they known that all such activity is "propaganda," they would have seen its reprehensibility. Not having the word, they missed seeing the sin.

Similarly with "lobbying" and "lobbyists." One of the first great laws enacted by the Congress under the Constitution was the law which funded the national debt. Citizens in great numbers addressed themselves to the Congress in favor of that law and against it.

Our benighted ancestors

THEY wrote to congressmen, including senators. They spoke to congressmen, including senators. They pointed out to them that the proposed law would benefit them or would injure them. They argued with their elected representatives and pleaded to be helped or pleaded not to be hurt. Why did they do this? Why, because, in their ignorance and in the meagerness of their vocabulary, they did not know that it was "lobbying."

There are very few new ideas in the world, but mankind makes up for this by inventing new words. Or else it equally fully makes up for it by giving new meanings to old words. In the case of "propaganda" and in the case of

"lobbying" the meanings are sinister in the extreme; and the very tone of voice in which a senator can say "propaganda" or can say "lobbyist" is enough to terrify almost any citizen, if he could hear it, out of all the constitutional rights that he may ever have imagined himself to have inherited.

The trouble is that not many citizens are able to hear our senators orating or able to observe them in action; and consequently the American public persists in behavior which the Senate has in practice condemned and which it is on its way to abolishing. It is for the purpose of telling the citizen how he should henceforward conduct himself that these lines are written.

Let us suppose, for instance, that the Congress is about to pass a law which will ruin a citizen's business. Let us suppose that the law is a tariff law. Let us suppose that the citizen is an importer and that the raising of the tariff will ruin his business. Or let us suppose that he is a manufacturer and that the lowering of the tariff will ruin his business.

One of the present customary recourses of a citizen in such circumstances is to get on a train and come to Washington and call upon the representative from his district and upon the senators from his state. Or else, being busy at home, he hires a lawyer in Washington to go and see the representative and the senators for him.

He sometimes joins himself with his fellow-importers or his fellow-manufacturers to employ the lawyer and to inform him regarding the conditions of his business. The lawyer conveys the in-



IS THE MARK OF THIS CIVILIZATION FOREVER TO BE A BLOT ?

An interesting one reel film, "The Battle Song of the Cities" depicting some phases of the smoke evil, will be sent free of charge to clubs, churches, schools, or other organizations desiring instructive entertainment for their meetings. Please write our Philadelphia office.

As you travel about these United States, the outstanding mark of this civilization seems to be a smudge, a pall. Approaching our proud cities, the first sign of their presence is a huge blot of smoke upon the horizon. Not only is the smoke cloud above evidence of man's wastefulness and destructiveness below, but on every hand grimy buildings, stunted vegetation, and even undeveloped children tell the story of carelessness or inefficiency. Your buildings, your possessions, are taxed heavily by the smoke evil. Your efficiency and your employees' efficiency are lowered by the drain upon health that smoke entails. Do your part to banish this blot on our civilization by keeping your chimneys from adding to the smoke clouds. Send for a Reading Combustion Engineer. Without obligation he'll give you an unprejudiced report on what he finds. He is never allowed to recommend absolutely smokeless Famous Reading Anthracite unless its use will prove its greater value. Write our nearest office.

A. J. MALONEY
President

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formation to the representative and to the senators.

Thus the representative and the senators gain much information that they otherwise would not have. In fact, it is not going too far to say that fully nine-tenths of all information of any value reaching individual members of the Congress or committees of the Congress comes directly or indirectly from the interested parties. This is natural and inevitable. It is the interested parties that know the facts.

The reader will thus see that the essential evil in the "lobbying" situation is that information is conveyed to legislators.

Not once during the whole of the present inquiry into "lobbying" in Washington has there been a proof, or even a charge, or even an intimation, that any representative or senator was approached with an offer of money or of anything else in the form or with the intent of a bribe. The sole menace to the legislator was the knowledge carried into his office.

It was the sole menace, but it was obviously a most serious one. Anybody can see for himself how perplexing and even how ruinous a couple of drops of knowledge might be to a legislator about to enact a perfect law.

Laws impeccable for their purity of legislative illiteracy can be produced only by legislators who have seen nobody and read nothing concerning the problem. The ideal toward which we should strive is thus rendered plain and, with a little good will on the part of all of us, it can readily be reached.

The new rules of etiquette

THE citizen whose business is about to be ruined by an act of Congress will hereafter behave as follows:

As soon as he learns that a law affecting his livelihood is being considered by the Congress, he will affix to his place of business a card like a scarlet-fever card from a health department. It will give notice to all and sundry that they must in no way communicate with him or be exposed to conversation with him. He will also notify the Post Office Department not to collect any mail from him.

He may occasionally go down on his knees and lift his hands to heaven and say a prayer, but he will scrupulously avoid all verbal intercourse with any of his fellow men.

In the meantime his representative and his senators at Washington will be locked in their rooms by the Secret Service Division of the Treasury Depart-

ment and all their mail, before they are allowed to see it, will be examined by the State Department's Division of Protocol.

No letter or pamphlet or other printed material containing any information about the troubles of their constituent or any data regarding his business or the threat under which it lies shall be allowed by the Division of Protocol to penetrate to the representative or to the senators.

We'll call out the Marines!

FURTHER details in this method of legislation will be added as the modern human mind becomes more and more modern.

Ultimately all representatives and senators will be kept in a large round building where they will have their sleeping quarters as well as their offices and where they can be continuously encircled by a Marine Corps detachment which will protect them from seeing any visitors whatsoever and which will also protect them from receiving any printed material unless all information bearing upon legislation has previously been eliminated from it.

Even then, though, only half of the great prospective cleansing process will have been accomplished. It is not merely the duty of the citizen to refrain from informing legislators by "lobbying." It is also his duty to refrain from informing his fellow citizens by "propaganda."

Let us suppose, for instance, that a resolution declaring war upon Bolivia has been introduced into the Congress. At present it all too sadly often happens that citizens wanting to fight Bolivia convey their views to newspaper editors at clubs and thereupon the newspaper editors are led to advocate war with Bolivia in their editorials.

It also all too sadly often happens that citizens detesting war with Bolivia hire halls and talk to audiences about the beauties of the Bolivian character. Their auditors thereupon may be brought to a state of mind in which they may march down the street shouting, "No War With Bolivia," thereby infecting still other citizens with the contagion of their opinions.

Thus in time a sentiment, one way or the other, may be created in the national mind, and thereupon this sentiment may affect the behavior of the Congress.

In ancient simple days, before senators had become so learned that they could say "propaganda," the influencing of the behavior of the Congress by popular sentiment was thought to be more or less the same thing as free democratic

government. It was accordingly thought to be a good thing. A little modern reflecting and arguing will clearly show, however, how grievously in error our predecessors in this country were.

Since no popular sentiment ever was, or ever is, or ever can be, developed except through the propagation of ideas, and since that propagation is "propaganda," and since "propaganda" is an intolerable insult to the Senate and therefore wrong, it follows irresistibly that the developing of popular sentiment is wrong and that therefore popular sentiment ought not to exist. It can be caused to cease to exist if we will all only follow the few simple rules here prescribed.

When the Congress is considering whether to have a war with Bolivia, the Librarian of the Congress will lock all his books about Bolivia in a steel case and every citizen will take all his books about Bolivia and burn them. The Bolivian Information Service, if there be one, in this country, will be closed. The mails to and from Bolivia will be stopped.

The Washington correspondents will not, before writing their dispatches about Bolivia, visit the Bolivian Minister.

Moreover, after having written their dispatches about Bolivia, they will not send them; because, no matter what they may say in their dispatches, it will be regarded by some senator as being either anti-Bolivian or pro-Bolivian and accordingly will be presumed to be part of a nefarious design for influencing the Senate.

Moreover, since it must be further presumed that there are at least some citizens who are as easily influenceable, as readily suggestible, as quickly ruined by information, and as fully needful of protection against it, as senators are, it follows beyond denial that no view and no fact about Bolivia will be permitted to reach any reader of newspapers.

The pitfalls dug by facts

THIS is especially so with regard to facts. Unsupported views may carry no weight with readers. It is facts that entice and entangle them. It is facts that lead them on to entertaining opinions. The "propaganda" of facts is the climax of the evil of "propaganda." It is therefore supremely essential that at the moment of the contemplation of war with Bolivia all facts pertaining to Bolivia or bearing upon Bolivia shall be wholly excluded from the public mind; because otherwise views about Bolivia will arise in the public mind and will

presumptuously, if only as a sort of emanation or exhalation, waft themselves in upon senators through the Senate windows.

Each citizen accordingly will provide himself with a list of subjects under consideration by the Congress and will convey no facts and no views on those subjects to anybody. The conveying of them to a legislator, ever since it was called "lobbying," is tantamount to a crime; and the conveying of them to a fellow citizen, ever since it was called "propaganda," is tantamount to a sort of treason.

It is treason against the Constitution's Twentieth Amendment, soon to be adopted, under which the circulation of any idea which might ultimately reach a representative is prohibited and made a misdemeanor and the circulation of any idea which might ultimately reach a senator is prohibited and declared a felony.

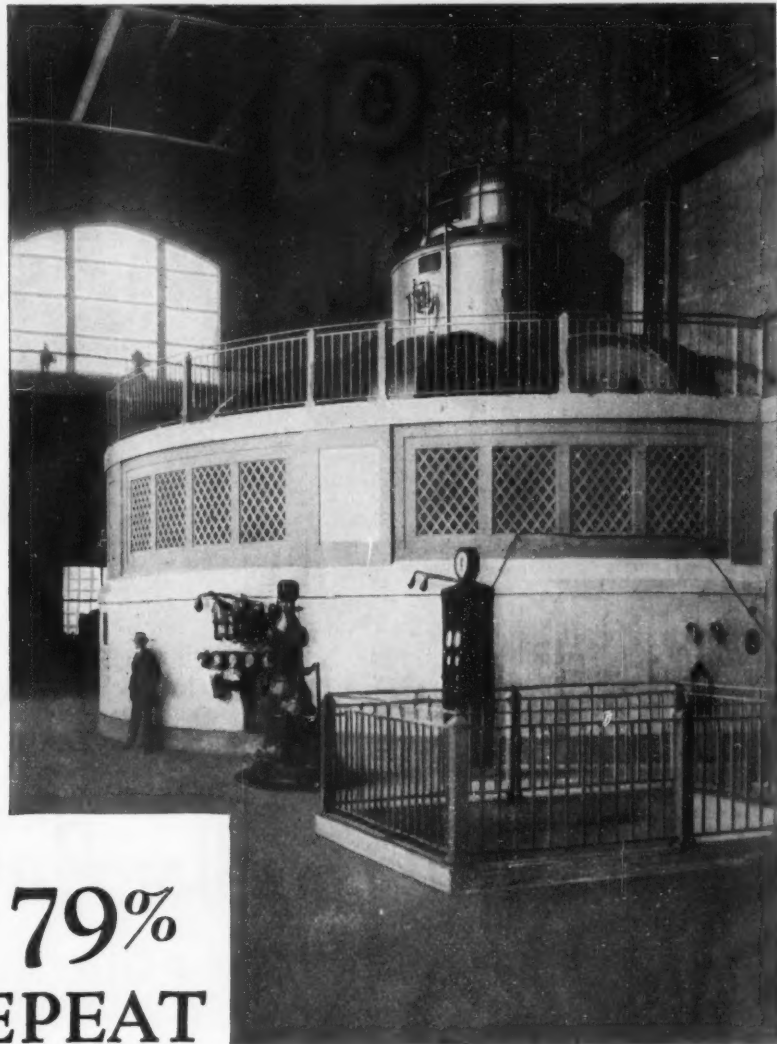
The Utopia of the nullifiers

We are now prepared to envisage our beloved country as perfected by our best current nullifiers of the Constitution's First Amendment, wherein "freedom of speech" and "the right to petition the Government for a redress of grievances" are spoken of with respect and regard. When these nullifiers have thoroughly extinguished all "propaganda," which is merely the exercise of freedom of speech by a citizen in a manner which some other citizen does not like, and when they also have thoroughly extinguished all "lobbying," which is merely the exercise of the right of petition to Congress by somebody whose cause is thought by somebody else to be a poor and a bad one, we shall then see the two following concurrent phenomena:

Not to be impeded by facts

A COUNTRY containing no information on any legislative topic; and a House of Representatives and a Senate able to become fully efficient and able to pass forty times as many laws as at present through having eliminated from their atmospheres and from their intellects all delaying and impeding informational fogs.

In that bright vacuum, empty of all data and filled only with pure ethereal Congressional thought-waves, accompanied by occasional static growls against "lobbyists" and "propagandists," Columbia will sit enthroned, still the world's marvel for the hard sense in her head and for the hokum and hooey forever on her lips.



79% REPEAT WORK

Over nine hundred million dollars of construction has been completed to date by the Stone & Webster Engineering Corporation. Speed, economy, and excellence of work for clients are direct results of this experience in every field. More than three-quarters of our present work is repeat business.

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Business men's contributions built this city of tents for homeless flood victims

What Your Dollar Buys the Refugee

By WILLIAM BOLLING TAYLOR

AMERICAN business men have contributed almost 47 million dollars to the Red Cross in the past 30 months. They form the backbone of every disaster relief appeal as well as the annual membership drives from which these funds have been derived.

Furthermore, since man has not yet learned to control the elements, no one can say when business will be asked to contribute new millions to aid the victims of a major disaster; for disasters are increasing.

The reason is simple. Fifty years ago a tornado could tear through a hundred miles of country in many sections of America without even being noticed. Today, in that same territory, it might wreck a dozen villages. As our population increases disasters will become more numerous and the work to be done by the Red Cross and similar organizations will increase.

In the ten years from 1905 to 1914 the Red Cross assisted in 39 disasters. From 1914 to 1917 there were 67 disas-

ters and from 1924 to 1929, there were 289.

Relief work has necessarily become a business. Not so long ago, in times of disaster, housewives would clean their

attics and send to the distress area garments often useless both to them and to the sufferers. The injured would be cared for somehow; food would be distributed. When the first emergency



Relief cannot stop after these children are fed. The job is to rehabilitate their families so they won't go hungry tomorrow



TIME—THAT TOUGH OLD TESTER—FINDS A FOE THAT FIGHTS HIM OFF

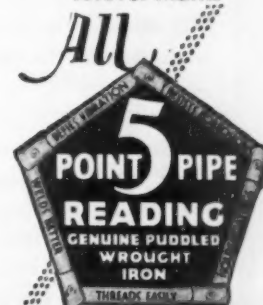
Many generations ago, Time—that tough old tester—began his fight with genuine puddled wrought iron. Against that sturdy metal of which Reading 5-point pipe is made, Time first used his most potent weapon, corrosion.

Year after year after year, Time poured his corrosive mixtures over and through 5-point pipe trying to set in action the destruction which men call rust. But no loop-holes could Time find—filaments of silicious slag barred the way. Only pipe made of genuine puddled wrought iron has proved that it can thus fight off the test of Time—the only conclusive pipe test known.

Make your first cost of pipe the last cost, avoiding damaging leaks, by insisting on Reading genuine puddled wrought iron pipe.

READING IRON COMPANY, Reading, Pennsylvania

For Your Protection.
This Indented Spiral
Forever Marks



Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Wrought Iron

When writing to READING IRON COMPANY please mention Nation's Business

needs had been met and the excitement had died down, the relief workers would go back to their normal occupations.

Specialists in relief problems

THE Red Cross has built up a definite technique for dealing with relief problems. It has found that binding up an injury and sticking a piece of bread in a victim's mouth is not enough. It is essential to help every sufferer back on his feet and into a position to care for himself. The small business man whose stock has been lost and whose credit is already taxed to the limit is given help in reestablishing himself; funds are provided for widows and orphans; home owners are assisted in repairing or rebuilding their dwellings; farmers are given live stock and seeds.

It is important to the family and to business that this work be done wisely and yet the Red Cross is perhaps the only big business in which business men

lic information department of the Red Cross and national director of its membership and disaster relief fund campaigns, has studied methods employed by welfare societies in the United States and ascertained that many outstanding agencies consider 12 cents on the dollar a reasonably low cost for raising money. Many smaller and less well known agencies, he says, spend 35 and 40 cents to obtain every dollar they get.

The Red Cross, in raising 47 million dollars in six different campaigns spent, for supplies, advertising, publicity, salaries, transportation, telegrams and other expenses, \$550,000. This, of course, represents only direct costs and does not include the time of the personnel of the regular Red Cross organization with its 3,500 chapters throughout the country.

The organization deducts none of these direct or indirect expenditures from the contributions so that all of the money contributed is available for the particular

it is raised? It is difficult to determine overhead in disaster relief. Is the salary of a doctor who cares for the injured overhead or service? Are the salaries of nurses who assist the doctors overhead?

The real overhead in connection with any disaster relief operation is made up of portions of the administrative and accounting forces at the regularly established Red Cross headquarters rather than the supervisory forces in the field. All of this overhead at the headquarters is borne by other funds and is not deducted from contributions for any disaster relief operation. Excluding the salaries and expenses of doctors and nurses, but including the salaries of other workers what part of your Red Cross dollar is chopped off in the process of administration?

Overhead is very small

IN THE New England flood relief work after the disaster of November, 1927, the Red Cross spent \$1,309,000. Its field supervision cost was \$88,600 or approximately 6.8 per cent. After the West Indies hurricane which devastated sections of Florida and Porto Rico, \$5,913,000 was spent, with a field supervision cost of \$369,000, or 6.3 per cent. Relief work after the Mississippi Valley flood of 1927 cost \$17,498,902. The field supervision cost in this operation was \$922,425, or 5.3 per cent.

Considering the nature of disaster relief work, the Red Cross is proud of this record, for in many respects an organization doing disaster relief is similar to a government at war. Things must be done quickly. They must be done economically if possible, but speed and not economy must be the guiding spirit.

But even under the pressure of disasters, this administrative cost has been kept down to a figure below that on which most commercial enterprises operate under normal conditions.

In the last ten years, only five times has the organization put on nation-wide appeals although it has given relief during that period following 289 disasters.

That is one reason, not mentioned before, why the organization is able to raise money with comparative ease. After relatively small disasters great pressure is often brought to bear in an attempt to induce officials to start a national campaign.

They have consistently refused to do so except when the minimum needs of the sufferers cannot be met from local or sectional resources. On the other hand, when the need exists it offers no apology in asking for a fund of staggering proportion.



Organized relief made it possible to gather supplies at once and rush them to the scene when the hurricane swept across Porto Rico

are concerned as stockholders and about which they know practically nothing. They hear rumors and business men in sections where the Red Cross has operated have visited headquarters indignantly to demand the facts.

What are those facts? For example, how much of that \$10 you contributed in Chicago for hurricane victims in Florida and Porto Rico ever reached the ultimate consumer? That is a reasonable question.

Douglas Griesemer, head of the pub-

relief operation for which it is given.

The Red Cross is able to raise money at this low cost because it is prepared to swing into action as a fund raising unit on a moment's notice and without adding paid personnel either at headquarters or in its local chapters.

After the Mississippi flood in 1927, some five million dollars poured into Red Cross headquarters in eight days. Nine days later another five million dollars was raised.

What happens to the money after



Oiling the engine of 77 at Hornell during its brief stop there

ERIE 77 pulls west

Jersey City Terminal at 1:00 A. M. The headlight of a great locomotive gleams along the dark rails. Back in the distance, dimly silhouetted against the night sky, a string of heavy freight cars can be made out. Suddenly the signal to proceed is given. She takes up the slack, and Erie 77 pulls west.

Every Erie man and countless shippers over Erie rails know old 77. For upward of thirty-five years she has performed with honor the task of handling on an expedited basis im-



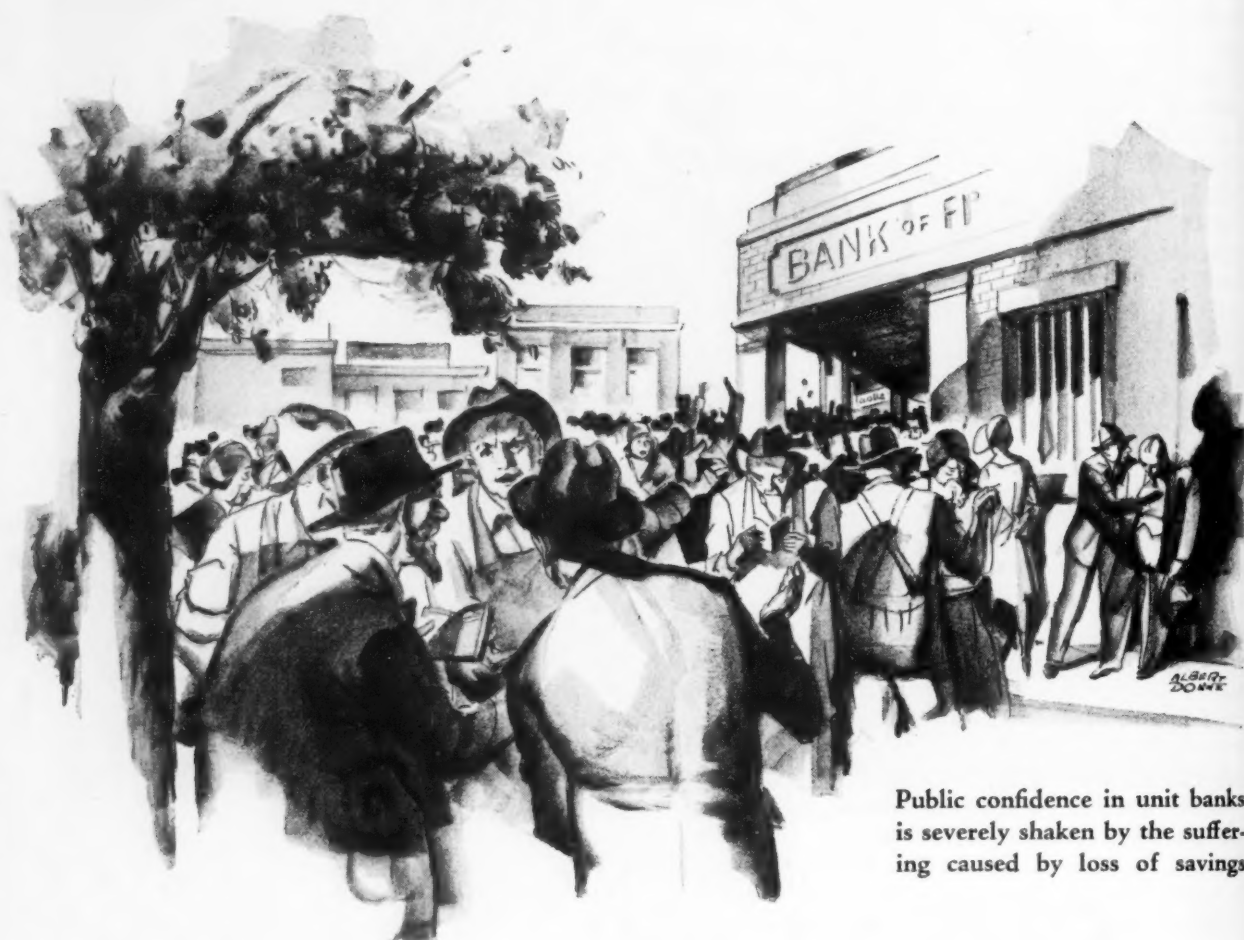
ported and domestic commodities originating in the east and destined for consumption throughout the middle west, northwest, central west, and southwest.

It is by no means uncommon for receivers of freight to add to their instructions to shippers the terse but significant phrase "Route via Erie 77."

The record of this train for on-time performance on The Heavy Duty Railroad has made her name famous in shipping circles.

ERIE RAILROAD SYSTEM
Route of The Erie Limited

★ Some 5,000 small banks have failed in the past eight years. Could wise management have saved them? Read this before you answer



Public confidence in unit banks is severely shaken by the suffering caused by loss of savings

Did You Help Your Bank Fail?

By ROBERT DOUGAN

IN ONE DAY not so long ago 15 Florida banks failed to open their doors. Within 24 hours two others in the same section of that state joined them. Newspaper readers who saw the articles referring to those 17 failures in 48 hours, no doubt will recall that the appearance in Florida of the Mediterranean fruit fly, so destructive to the principal crop of the state, was blamed for the wholesale closing.

The Federal Government, when the fly's presence was discovered, immediately quarantined Florida fruits that might be infected. As a result fruit growers faced the loss of crops and many

banks holding the growers' paper had little chance of getting the money on their loans when they expected to get it. Assets that had been liquid a few days before had "frozen" overnight.

Many reasons for failures

This furnished a perfectly plausible explanation of those 17 failures. To support and amplify it, one might mention that conditions in Florida had not been helped by the collapse of the real estate boom a few years ago, nor by the hurricanes of more recent date. It is not astonishing that some banks failed in a state that had been so hard hit.

After all, the failure of 17 banks in one state in two days isn't so alarming in a country as big as the United States, however great the suffering may have been among the unfortunate depositors. Business men in other sections for the most part don't have to worry much about hurricanes or the collapse of real estate booms or fruit fly invasions.

But on the other hand, there is a great deal more to be considered in discussing bank failures than the situation that led to the Florida closings. In eight years in the United States there have been more than 5,000 failures of "unit" banks, institutions confining their business primarily to a definite local com-

munity. Those figures are taken from a recent speech before a group of bankers by J. W. Pole, comptroller of the currency of the United States, who is head of the national bank system.

The banks that failed had total deposits of more than \$1,500,000,000.

"Those banks," said Mr. Pole, "were in various country districts of the South, the Middle West, the Northwest and the Southwest, with a few on the Pacific Coast and in northeastern states.

"It is impossible to describe the acute local suffering occasioned by the losses of savings and the disruption of local business enterprises. In many of these communities public confidence in the unit banks has been so severely shaken that funds which should have found their way into banking channels are being withheld. In this eight-year period not a single large metropolitan bank has failed."

Rather a shameful record for a great business nation which listens frequently to encomiums on its shrewdness, ability and foresight. There are today in the United States about 18,700 state banks and about 7,000 national banks, a total of approximately 25,700.

High mortality of small banks

WHILE that would be below the average figure for the eight years it probably would not be greatly so. At least the percentage of failures to the total number for the entire period would be somewhere between 15 and 20 per cent. A pretty heavy mortality list for the financial institutions in which we expect business men to put their confidence and deposit their money.

Why did those 5,000 banks fail?

Was it due to fruit fly invasions, hurricanes or tornadoes, to the pricking of real estate bubbles? Or did they find themselves in the hands of receivers because some defaulter had stolen thousands from the vaults, or because the management had been incompetent, the supervision by examining authorities inadequate, or the lack of directorship that was sufficiently interested to see that those banks were conducted wisely and safely?

The answers come out of the expe-



The business life of most communities depends largely on one industry

rience of men who have had long dealings with banks. In the first place it may be laid down that years of handling insolvent and tottering institutions have demonstrated that defalcations seldom cause failures. No doubt there have been instances where embezzlement has been a contributing factor but they have not been numerous. In most cases defalcations cover periods of time, bringing no sudden, desperate shrinkage of bank funds and there are bonding companies to bear the losses.

No doubt great catastrophes have caused bank failures. A Johnstown flood, a San Francisco earthquake, a Florida hurricane, destroying millions of dollars' worth of property, must be reflected in financial disaster to some institutions in the communities where they occurred. But such disasters are infrequent.

With defalcations and acts of God eliminated, the question comes down to management. There are those who trace an amazingly large percentage of bank failures directly to management or lack of management. When management is to be considered it is necessary at once to draw a line between the country bank and the city bank.

Banks are business institutions. They require specialists quite as much as hospitals require surgeons and nurses or ships require navigators and engineers. In the large city the banker is a specialist. Probably he's spent all his life in banks. He knows the rules of the game from actual experience. He surrounds himself with experienced men and trains

young ones in his ways. His directors take an active interest in the bank's affairs.

Is that true in the small town? Unfortunately not often. Too frequently in the smaller communities the man who has made a comfortable fortune in a mercantile business, or selling insurance or real estate determines to go into banking to round out his career. Banking appears simple enough. Just get a charter, issue stock and open up. The friends will come in and deposit their funds and things will sail along smoothly on other peoples' money in a short time.

Meets troubles all the way

PERHAPS the retired broker may get along all right. But the chances are extremely small that he will be a wizard. He is, from the moment he starts, up against some troublesome problems that involve the money he lends and the investments he makes with the money he doesn't lend, problems not so difficult for his city brother to solve.

The business life of most small communities is largely dependent on one preponderant industry or crop. The people and the banks of that community are so closely tied up with this single enterprise that anything which affects that crop or business has an immediate effect on the bank.

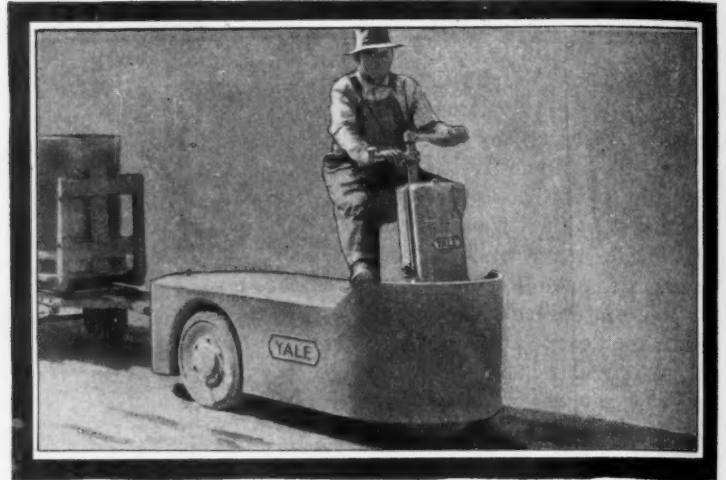
Loans made to a farmer are upon the crop he is growing or a mortgage upon his property. If the crop fails the grower cannot meet his mortgage. If the business of the community's one chief industry goes slack, the bank, again a lender, may obtain judgment or foreclose the mortgage but get little out of such proceedings and that only after a long time.

Such a banker may tell you he was the victim of circumstances. A situation of that sort occurred in the mid-west after the World War when the deflation in land values found many banks holding mortgages on property which had depreciated so far that they couldn't obtain anywhere near the amount it had been considered worth before hostilities ceased. As a consequence many institutions failed and others barely avoided failure. Bankers out that way might tell you today it was the fault of the Government or some one in Washington.

Perhaps it wasn't the fault of management, certainly it wasn't altogether management's fault. Most communities need a bank and if it is brought into life it must do some business. Its officers and directors did business with the people who lived around them; there was no one else to do it with. Yet, say

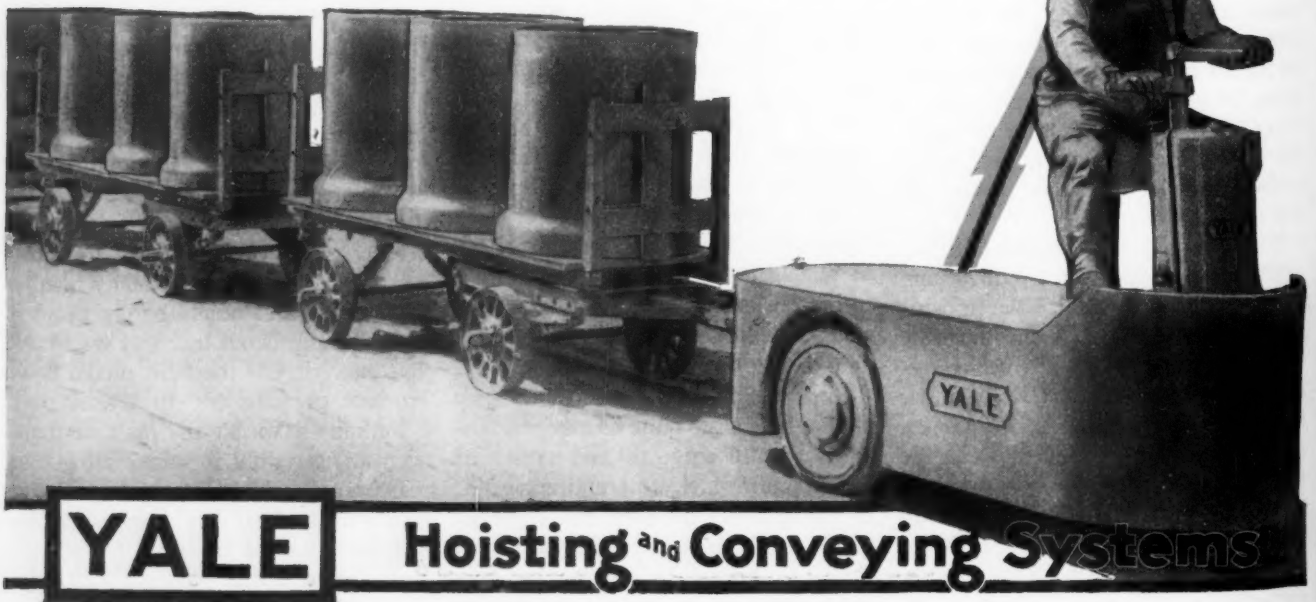
TRADE **YALE** MARK

MULTIPLY MAN POWER



This Yale Electric Tractor multiplies your man power many times. ¶ Trains of 8, 10, 15 or 20 trailers heavily loaded are moved on schedule, through aisles of your plants over long hauls with safety, at an extremely low handling cost. ¶ Yale builds Electric Industrial Tractors and Trailers for handling all kinds of materials and products. They are used as motive power for Stuebing Lift Truck Trailers. ¶ There is a Yale representative near you, who will gladly go into your trucking problems with you. He is no farther away from you than your telephone. Do not hesitate to call upon him at any time. There is no obligation. Write Dept. K 10.

THE YALE & TOWNE MFG. CO., STAMFORD, CONN., U. S. A.



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those who study banking problems, it might have been the part of foresight to have borne in mind that what goes up must come down, particularly after a war with the high prices it inevitably fosters.

However that may be, the city banker doesn't have to face that problem of putting his eggs in one basket or not putting them anywhere. He isn't dependent for business on one industry or one crop. He can diversify his loans so that if disaster threatens one or two or a dozen borrowers he may have to say "no" oftener than he likes but his doors stay open.

Then there is the investment side of banking, quite as important as the making of loans. It involves the same idea of diversification that so frequently differentiates the city and country bank. The decline in the bond market has brought into the field many sorts of securities and many kinds of securities salesmen who had no place, or only a minor place, in the old scheme of things.

The country banker too often has little accurate knowledge about the real worth of securities offered him by high-pressure salesmen. The increased competition among underwriters for high-grade issues with low interest rates has cut the margin of profit so far that the underwriters cannot afford to spend large sums in selling those securities throughout the country.

Buys second-grade securities

BUT the second-grade house sends out the high-pressure boys with securities that pay high rates of return but which are not at all the sort of investments that can be turned quickly into cash except at great sacrifice.

The profits from selling such securities are large, the underwriters can afford high-pressure men; the interest return promised is high and the country

banker, dazzled by that fact and the smart talk, falls for the second-grade issue.

Incidentally by so doing he hurts his community in another way, for he owes it to those about him to see that, so far as he is able, their money goes into safe investments. The high-pressure salesman, however, after selling the bank goes out and sells the town on the strength of that fact. Often the outcome is a loss of personal fortune and the loss of financial support for the bank that made the sale to the individual possible.

The city banker faces no such problem. On his staff are experts thoroughly familiar with the investment market. He is offered the best investments to be had and in such variety that, when he needs the help of those investments, he has no difficulty in disposing of them without loss.

So diversification of loans and diversification of securities are to be written down as among the factors that have kept the city banks away from failures.

Directing a bank is a part of management. Directors who are figureheads are not to be desired by any bank. It is not exaggerating to say that many banks have been forced to close their doors because their directors, if not actually negligent, were at least indifferent to the way the bank's affairs were conducted.

Too often business men of ability and integrity help to organize a bank, elect the officers they desire and turn the whole job of running the institution over to them. When requests for loans come before the board that kind of director just says "O. K." if the president or cashier approves the request.

"If you say it's all right, Charlie, it's all right with me." That is the old formula and it has led to disaster more than once. The proposed loan may be all right and it may not. Directors might know something about the business or

the character of the prospective borrower that would help in reaching a correct decision.

If six months after Charlie made a bad loan the bank finds itself in a jam because of that one bad bit of business, do the directors blame themselves? Not likely. They hired Charlie to do the job. He fell down. That wasn't their fault.

Directors must work, too

THE Banking Division of the Minnesota Department of Commerce places such a high value on an understanding of directors' duties that it mails to every person who becomes a director a circular which reads in part:

The stockholders of your bank elected you a director for one or all of three or four reasons; they had confidence in your business ability and judgment, your business-getting ability for the bank or as a recognition of your standing in the community.

They did not intend, when they so honored you, that you serve purely in an ornamental capacity. They expected you to ascertain the nature of the obligations you assumed when you accepted your office, and to discharge those obligations until you ceased to be a director. If you do not know what your duties and responsibilities as a director are, find out or resign from your board of directors. If, after finding out, you are unwilling to perform those duties or accept those responsibilities, resign. You owe it to yourself to do one or the other. There is no safe middle course.

Strong language, but necessary, for the laxity of directors, their failure to direct is an evil about which comptrollers of the currency have issued many warnings. It may be no more common in the small towns than in the larger cities, but is more disastrous there, because the city banker is a specialist, surrounded by other specialists, and is generally more capable of relying upon his own judgment.

Another evil of a lax directorate is



Great catastrophes like floods, hurricanes or earthquakes are reflected in financial disaster to some institutions in the communities where they occur

THE *Son* OF Paul Revere

began the chain of consolidation



THE MOVEMENT J. W. REVERE STARTED
IN 1828 LED UP TO THIS FAR REACHING COMBINATION
OF TODAY

Joseph Warren Revere surveyed the clanging plant of Paul Revere & Son, Canton, Mass.

This fortress-like building was the first American copper rolling mill. In yonder belching foundry were still cast the famous Revere bronze bells and brass cannon. From that smoking forge came barrels of copper spikes and bolts, still made after the "secret" discovered by his father.

It was the earliest and largest copper and brass plant in America,—and still upon it was the genius of its illus-



JOSEPH WARREN REVERE
Son and Partner of Paul Revere

trious founder, he of the midnight ride, Paul Revere.

But Joseph Warren knew that the world moves on. So, in 1828, Paul Revere and Son merged with James Davis & Son, Boston brass founders, and incorporated Revere Copper Company. Thus began the series of historic consolidations that has resulted today in Revere Copper and Brass Incorporated.



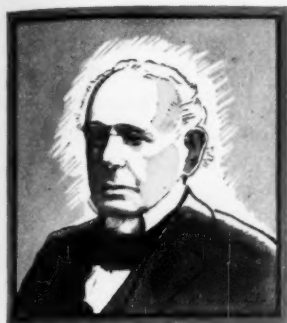
BALTIMORE ENTERS COMPETITION

1812 found Baltimore in the heyday of the Baltimore

Original business card
of Paul Revere and Son



When writing to REVERE COPPER AND BRASS



JAMES DAVIS
Early Boston brass founder



JONATHAN S. HASELTON
First west of the Hudson



DAVID M. IRELAND
Far-seeing Detroit manufacturer



C. D. DALLAS
Builder of Chicago's first brass mill

clipper-ship era. So, Levi Hollingsworth invested \$100,000 in the Gunpowder Copper Works. One of its early orders was copper roofing for the National Capitol, Washington.

John Isaacs, Revere agent in New York, wrote anxious letters about "Baltimore's sheet and bottoms." In the eighties and nineties, consolidations brought Gunpowder Copper Works together with Baltimore Smelting Company and Baltimore Electric Refining Company . . . Interesting that in 1928 Revere should also join with them.

+

THE 1900 CONSOLIDATION

Revere Copper Company thrived so enviably that the three Crocker Brothers of Boston imported "skilled hands" from England, and started (1826) Taunton Copper Company. Still another enterprising New England group got under way in 1862, New Bedford Copper Company. These three, after a 38-year race, joined (1900) in a single Massachusetts unit, the Taunton-New Bedford Copper Company, now a division of Revere Copper and Brass Incorporated. Paul Revere's great-grandson, E. H. R. Revere, is Executive Chairman of this division.

ASTRIDE THE WESTERN TRAIL

Jonathan S. Haselton was the first man to divine the westward march of copper and brass. So he placed Rome Brass & Copper Company astride the ancient Mohawk-Great Lakes Trail. It grew to be the fourth largest of all producers.

Westward . . . farther westward . . . continued the cry. Automobiles brought new and increasing demands for copper and brass. Two far-seeing Detroit manufacturers, David M. Ireland and George H. Barbour, started Michigan Copper & Brass Company (1906) in Detroit. The final leap westward (1908) was Dallas Brass & Copper Company, Chicago,—servant to high-specialization industries. Meanwhile Michigan was rising in step with the magic automobile industry, supplemented (1915) by Higgins Brass & Manufacturing Company.

+

UNDER REVERE NAME

In 1928, another consolidation, even more far-reaching. All these units came together. And in their nation-wide alignment is perpetuated the name of him who was pioneer of their own group and of their industry: REVERE COPPER AND BRASS INCORPORATED.



In

Revere Copper and Brass Incorporated
of today are:

25% of the country's copper, brass and bronze rolling mill facilities.

The largest copper rolling mill in the country.

New-day methods such as Rome's continuous rolling mill completed 1929.

Revere Copper and Brass

INCORPORATED

Divisions: Baltimore Copper Mills, Baltimore, Md. . . Dallas Brass & Copper Co., Chicago, Ill. . . Higgins Brass & Manufacturing Co., Detroit, Mich. . . Michigan Copper & Brass Co., Detroit, Mich. . . Rome Brass & Copper Co., Rome, N. Y. . . Taunton-New Bedford Copper Co., Taunton, Mass.
GENERAL OFFICES: ROME, N. Y.

the approval of loans to directors themselves. The National Bank Act provides that only ten per cent of the total amount of a bank's loans may be made to directors, but this provision is evaded in a number of ways. Banks under state supervision often are permitted to loan a much higher percentage to their directors.

The practice works out badly often enough. If one member of a board obtains a loan for himself or some corporation or business he controls, another member requests the same accommodation. If a majority of the board become borrowers, the situation is most unfortunate. The directors will not be so hard-boiled in dealing with each other as with men not on the board. It is a fault more commonly found in banks in small towns where the directors are likely to be personal friends.

That about finishes the case against the small community bank, but it would only be fair to add that the city banker has one other factor of much weight in his favor in times of stress.

City banks help each other

HE HAS other banks all about him whose officers and boards do not wish to see any bank fail for the good of the business. A tottering bank is supported by helping hands or consolidated with another institution. The small bank may have to go it alone. If there are other banks in the community they probably are in the same fix as the one which seeks aid.

Bank examiners play their part in the lives of the institutions they visit periodically. They cannot, however, take over the duties of management while a bank is solvent. They may and do advise but they cannot insist that loans be made to certain individuals nor refused to others, nor can they dictate what securities a bank may buy. Their chief function is to see that the laws are obeyed, they cannot act as officers and directors.

It is undoubtedly true that there are fewer failures among banks in the national banking system than among the state banks. While there are more than two times as many state banks as national banks the proportion of state bank failures is much higher. It has been stated that it probably is not far wrong to say that four state institutions close their doors to one belonging to the national bank system.

Aside from other considerations, that discrepancy may be due to the difference in examining systems. It is no reflection on the character of state exam-

iners to say that they are pretty generally outdistanced in efficiency by those employed by the Federal Government. Salaries are lower in the state systems and politics play a more prominent part in appointments.

But Federal Reserve Boards, controllers of the currency, state banking departments, examiners however keen, never can take over the management of

banks, and in management lies the success or failure of every bank.

Tornadoes and insect pests, war deflation periods, floods, earthquakes, dying real estate booms all play their part. But in the end the banker himself, with his board of directors, can so conduct the business that if it does not become extraordinarily successful, it will at least not be compelled to close its doors.

At the Nacos Meeting

By FRANCIS B. WALLEN

President, Chamber of Commerce of Camden, N. J.

ENTIRELY, completely and absolutely different from what I had anticipated.

A "crasher" must, necessarily, explain his presence when he becomes so bold as to comment publicly on the occasion which he has crashed.

I crashed the N. A. C. O. S. Convention, Oct. 20-23, because I believe in aviation. When I was told that I might be able to go on the aerial trip which some of the New Jersey and New York secretaries were going to make to the Milwaukee convention, I knew at once that I was to be a "crasher."

A trip of two thousand miles in a Ford tri-motored airplane is an opportunity that I would never forego. That is why I flew to Milwaukee with eight others and that is why I attended one of the most interesting conventions that it has ever been my good fortune to attend.

When our secretary first proposed to our Board of Directors that I attend the N. A. C. O. S. Convention, I was not enthusiastic about it. I dreaded the effect that such a series of meetings might have on a man who was new to the profession. When it was definitely settled that I was to make the trip, I consoled myself in the fact that it would not be incumbent upon me to be present at the sessions and that I could enjoy a pleasant vacation attending the theater and other entertainment.

I saw one show during the three and a half days that I was at the Convention. The balance of my time was spent in attending the meetings and in seeing that I missed nothing. My only regret is that I could not attend more than one of the luncheon meetings at a time.

From the moment that I heard George C. Smith of St. Louis open the meeting devoted to "Serving Local Established Industries" I knew that I was attending

a meeting of a group of men who were intensely serious and who had dedicated their lives to the advancement of their respective communities.

This impression was further confirmed by the Tuesday morning session. Here I heard Mr. Charles F. Collisson talk on "Developing Sound Agriculture as a Community Building Enterprise." As a rather close follower of news from Washington, I had concluded that all Mid-West Agriculturists were convinced that the only salvation for the farm country lay in governmental appropriations. Imagine my surprise, therefore, to hear that education and intelligent operation of farms rather than legislation are the solution to the nation's farm problem.

Mr. Collisson's talk so interested me that I attended the Tuesday session on agriculture. I did this although I come from a predominantly industrial city. Let me say, however, that no industrial or financial community in the East can afford to overlook agriculture.

While my notebook is full of items containing suggestions for the work of my own Chamber of Commerce, I feel that by far the most lasting benefit which I received from the meetings is the friendships that I established with many of the secretaries.

The Convention was a decided inspiration to me. It redoubled my interest in chamber of commerce work and made me realize more clearly than ever the importance of a chamber of commerce to a community.

I have a much greater understanding of chamber of commerce activities than I had at any time heretofore and I believe that having attended the Convention of chamber of commerce secretaries will make me a better chamber of commerce president.



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★ **SLIPPERS** and fireside have no appeal for John J. Bernet, despite his 61 years. One of the outstanding figures in railroading, he's now working toward achievements that promise to dwarf even the formidable array already to his credit. John Carlyle tells something of those accomplishments here, and the guiding principle that made them possible

He Made a Railroad Out of the Nickel Plate

By JOHN CARLYLE

HE is 61 years old and more railroad men are talking about him than about any other man in America. He has done things they thought impossible. Not miracles because John J. Bernet does not deal in miracles.

But if the voting population of the United States had been asked to take part in a plebiscite on this question: "Resolved, That a regular railroad can be made out of the old Nickel Plate" the total vote would have stood this way:

Yes—John J. Bernet and two young men from Cleveland, Ohio.

No—Every one else.

That was just 13 years ago. He had had an honorable and noteworthy record in various operating positions on the New York Central. He had become a vice president and some people thought he might aspire to the presidency in time.

It was a history to be proud of for a man who began railroading as a telegraph operator—or for anyone else. But

John J. Bernet, president of the Chesapeake and Ohio, Hocking Valley, and Pere Marquette railways

it was something of a submerged and unknown history.

Tomorrow he may be the head of the new fourth system which the I. C. C. has been asked to authorize in the East. Yesterday he was president of the Erie. The Erie used to be like the cousin who lives in the attic when company comes.

Rebuilt the Erie, too

HE made the Erie over as he had made over the Nickel Plate. Today he is the head of the Chesapeake and Ohio, the Hocking Valley and the Pere Marquette Railways. With the Erie and the Nickel Plate and others they will total approximately 12,000 miles of road over which he will be the head if and when the new fourth system is authorized. All this was done under the financial leadership of two young men from Cleveland who had never been connected with railroading before they bought the old Nickel Plate.

Done with limited capital as large ventures are thought of today. Their railroads paid for themselves as they were rebuilt. The Van Sweringens are the largest individual owners of railroads in the world today because of the increase in the value of their own properties.

Bernet does not talk about money. So far as I can see he does not think about money. Neither do the Van Sweringens.

They appreciate money and its value, of course. But to them the job is the big thing. Bernet has been happy as operating head for the Van Sweringens because they found for him the hardest job of railroading in the land.

The Van Sweringens have been happy because the job has been expanding before them daily. They had no thought of a fourth great eastern system when they bought the Nickel Plate. It became inevitable, in their eyes, because the logic of the situation calls for it. They have been going where the job led them. Let's get back to Bernet.

He told a story. I had been trying to get him to show me why he had been successful. He couldn't do it. He isn't the kind of a man who can cock back on the hind legs of his chair and talk about himself.

"Railroad executives are not as hard-

boiled as they used to be," he said. "Some of 'em were pretty tough."

The human touch has come into railroading. The railroader and the customer can meet in amity now. Bernet's idea has always been that the customer's wants should very largely be the railroad's wants.

He told the story. His eyes twinkled behind the big glasses. He ran his fingers through his stubby graying hair.

The rent of a customer's coal bin had been increased from one dollar a year to \$50. He came charging down to the station agent.

"I'll see the president," he swore. "I'll not put up with this outrage. I'll—"

"There's the president now," said the station agent. "Just getting out of his office car."

I saw that president as clearly as Bernet did. A gardenia in his button-hole. Spats on his ankles. A fine malacca cane swinging. A perfectly creased hat a-cock on one side of his head. An armor-plated look in his eye.

"He's too busy now," said the customer, backing off. "He's too busy now."

Bernet pointed out that if that customer is still alive he is still sore. Whereas if he had been able to fight it out on a man-to-man basis with the president no bitterness would have been left, no matter what the decision. Bernet fights it out that way, but he uses facts instead of hard words.

Once during the war the coal sellers of Cleveland were making war medicine because the railroads were not getting the coal over the roads. The decision of the gathering was unanimous—except for Bernet.

Deflating the figurers

"YOU don't know what you're talking about," said he. "You are stuffing the figures. You ask for more coal than you can use to make sure of getting enough—and then you complain because you can't get it. You say the roads are only 35 per cent efficient. In fact they are 80 per cent efficient and that in the midst of war."

"It will be a sorry day for you when we get back to 100 per cent efficiency. Coal will be selling at cost—and you know it."

This is a hit-or-miss story. I'm not trying to tell the story of the man's life. Only to show why he is a sort of a miracle man among railroaders. When he was only an operating official on the New York Central—solely responsible for seeing that trains got here and there

on time—a customer asked that the road share the \$9,000 cost of building a new siding. That seemed fair to Bernet and when a thing seems fair he plays the hunch. He had as much authority to promise the railroad's cooperation as he had to rewrite a presidential message but he promised. Then he went to his chief.

"You've got to sell this to the directors," said he.

His chief hit the ceiling. He would support Bernet this time, he said, but he must never do it again. That was contrary to all discipline and this and that.

Because it helped the customer

A LITTLE later another customer had an option and 24 hours in which to exercise it and he would only do so if the road would join him in building a \$29,000 spur. It meant more business for the road, more business for the customer, easier car handling, economies all round. Bernet had no more authority than he had before but he promised the spur. And the customer got it. He's that sort. All for the road. But all for the customer, too, because what's good for the one is good for two.

I've said that he rehabilitated the Nickel Plate. Let's have some figures. That road was bought by the Van Sweringens of Cleveland—O. P. and M. J.—in 1916.

The Nickel Plate at that time was a standing joke. It had been built to sell to the New York Central and when William Vanderbilt regarded his purchase he said, "The thing cost as much as though it had been nickel-plated."

That was the only good thing ever said of the Nickel Plate.

The Van Sweringens hired Bernet in 1916 to run it. In 1920 he had increased the road's operating revenue from \$23,969 per mile to \$44,867. The revenue train loads had been increased from an average of 355 tons to 771 tons. The Nickel Plate became the high speed freight carrier of the West. The earnings per freight train mile in 1915 had been \$1.82 and in 1919 they were \$6.32 while traffic expenses had been cut from \$1,075 a mile to \$604.

Any railroader will tell you that's a miracle. But that isn't all. In that time he had practically rebuilt the road.

We'll go back to a blizzard to learn something about how he did it.

He was a trainmaster on the New York Central then. He was the youngest trainmaster. It was generally felt by those who had become trainmasters by turning gray that a great mistake had

been made in giving a 33-year-old kid so much authority. Things began to break badly on his division. Every one upstairs interfered with him. A blizzard came along and tied up the West Seneca yards like a sack of wheat. A new superintendent rode in to say he was not satisfied with the young trainmaster.

"Who are you talking about?" asked Bernet. "Not me. I haven't been trainmaster. Every one upstairs has been trainmaster, but not me. If they'll let me alone—"

As if the blizzard had not made life cold enough the superior officials took a hand. The president of the railroad rode in to see what it was all about and found the yards still tied up. High officials were running in circles issuing orders. Smith sent for the trainmaster.

"Why," said he, "don't you clean up this mess?"

"What're you asking me that for?" asked Bernet. "There are a lot of wise guys around here who have been running things. Not me. Ask them whether they can clean it up."

"I'm asking you," said Smith.

Bernet got his chance and he did. He gave his men a chance to rest and eat and wash up. The train loads were cut 15 cars so that the engines could haul them and in ten days everything was normal. Bernet had merely applied common sense.

Years later, when he became president of the Erie, he found the mechanics in a high state of fret. They were not getting enough work to live on. They wanted more money or more work or something. Bernet had neither to give them.

He got efficiency and full time

HE KNEW that if he continued to give them only 12 to 18 days work a month they would continue to be dissatisfied. They would, of course, stretch the work as far as they could to get money for groceries. The road would suffer.

"Discharge 15 per cent of the men," he ordered. "Put the rest on full time and keep them there."

Common sense. But no one had thought of that before. The men have been satisfied ever since. His common sense went on from there. He found the Erie had accumulated 1,300 locomotives. They were of 83 types for which repairs must be carried in stock.

He junked 467 engines right away, rebuilt 115 others and bought 150 new ones that could haul more cars more cheaply.

He saved in repair costs \$3,100,000 a

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year on locomotives alone. The same process saved the Erie a million dollars a year on freight car repairs. He found the road had \$13,500,000 worth of spare parts and such on hand.

"Cut it to \$4,500,000," he ordered.

It could not be done, but it was done. Eight million dollars released from the warehouse can do a pile of work in a year.

When he became president he called his 200 traffic men together.

"I want ten million dollars' worth of new business," he said. "You men have got to get it. No alibis. That's all."

More work and less talk

THE ERIE gained 40 per cent in freight revenue under his management. The best gain made by a competitor in his territory was 28 per cent. That gain was not made by sales talks, either. Bernet went right to the customer.

"What do you want? You get it if we can get it for you. Good day."

He doesn't talk much. He says he has a weak throat. When he is a trifle more expansive he will explain that talking wastes time.

Time is needed to write a speech and to deliver it. If some one else writes it it must be memorized. Time can be used to better advantage.

The one important thing in Bernet's life is—"Get it done. Get it done right."

"My father," he said once, "belonged to a guild. That's what it taught me."

A member of a guild thought more of doing his job just right than of the wage-and-hour question. However, Bernet is all for good wages. The best thing Henry Ford ever did, he thinks, was to boost the level of wages.

The future of railroading looks bright to him. Maybe black spots in it here and there, but they will be lighted out presently. We're learning fast nowadays.

He isn't afraid of bus competition. Presently the farmers will discover that they have paid the cost of the roads the big cars have torn up. Then the cars will have to pay their share of the taxes. But he wouldn't make a song about it. Things come straight in the end, he thinks. Especially if a little diplomacy is used in the straightening, as in the case of the coaling station.

"Why," he asked his men some years ago, "does every train lose 30 minutes to an hour at that coaling station?"

No one knew. The station was all right. But the time was being lost. Bernet went in person and discovered that a fine young man had a restaurant at the coal station and always knew the

latest stories. The train crews always stopped with him for pie and coffee and a big laugh. Bernet might have issued orders. He might have done many things, each of which would have made trouble. Instead he moved the coaling station. It cost money but he saved 30 minutes daily on each train.

That's Bernet. That, at least, is something about Bernet. A hint at the man. A lover of common sense and speed and on occasion a grand fighting man for his railroads. During the war he demanded permission to lay new rails on the Nickel Plate. The Government said no. "We are," said the Government, though not in those terms, "trying to make a record for something or other. No new rails."

"I'll get 'em," said Bernet, "and I'll lay 'em. The roadbed isn't safe."

"Tell your engineers to run slow," said the Government.

"Slow, your grandmother's gray cat," said John J. Bernet. "We've got to move freight. If you stop me laying those rails and there is a wreck and any one is killed I'll put it right up to you. I'll let the world know."

He laid the rails. Wherever he has gone he has spent money for more speed. He has realigned tracks, bought larger engines, longer cars, longer sidings. Cars must be more fully laden and move faster.

To get these things done he must have men who are in direct touch. He believes in centralization because of its manifest economies. A great system can do things better and more cheaply than can a number of distantly related roads. But he would not centralize too far.

Everlastingly on the job

TONIGHT John J. Bernet is probably sleeping in his office car. He has been doing that ever since he had one. He gets home to Cleveland as often as he can but he sleeps quite as well in the car.

In 13 years 10,000 miles of railroad have not merely been assembled, but the roads which make it up have been built up, recreated, given speed and stability and strength. There is already a dividend on the Erie's preferred stock, after a quarter of a century of sloth. The Nickel Plate, Pere Marquette and the Chesapeake & Ohio are top-notchers. The Hocking Valley earned last year at an almost unprecedented rate. Something great has been made.

But it was following the job that did it. It wasn't the money they were after. With Bernet and the Van Sweringens it is the job that counts.

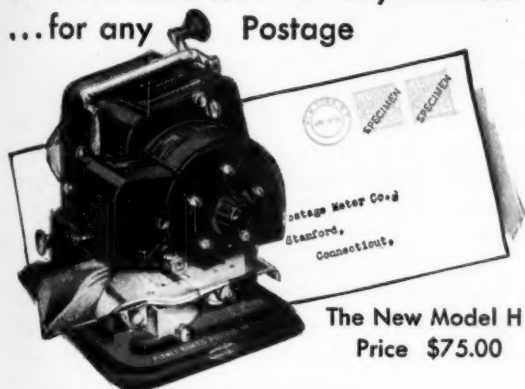


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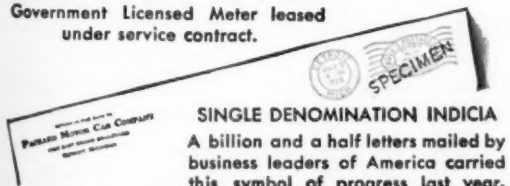
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How Business Men Aided a Town

By HOWARD P. JONES

BUSINESS MEN who have forsaken lucrative private enterprises to serve the Federal Government may be counted by the score. However, when we turn to the field of local government, we find a different situation.

There, as a rule, business men largely have confined their activities to civic organizations rather than personally participating in government. Such civic organizations have done and are doing an important service in keeping local governments in touch with the requirements of the public. Frequently, however, their efforts have been wasted as a result of clashes among themselves over questions of public policy and projects for civic improvements.

There are exceptions to prove this rule, of course, cases of business leaders lending their special training and talents directly to the complicated—and all too frequently inefficiently administered—field of local government.

Business men are helping now

PERHAPS one of the most interesting examples of what business men of certain communities are doing along this line may be found in the wealthy suburban town of Harrison, Westchester County, New York, a town dotted with the beautiful homes and estates of men who have offices in New York City's financial district.

For all its physical attractions, prior to 1920, Harrison presented an intolerable administrative situation. Twenty per cent of the voters paid 80 per cent of the taxes and literally got nothing in return. The town had no budget, indeed no systematized records of any kind. The dominant political boss carried about with him a check book in which personal funds and public funds met on close terms.

An altogether different situation exists in Harrison today. Now the town has one of the best governments of any similar unit in the country. It is efficiently administered. It operates on the budget system. It has centralized purchasing. Many public improvements have been made. Both rich and poor

among the citizenry are satisfied. What happened, and how did it happen?

Business went to work for the government! In a sentence that tells the story. Men whose time could not be bought by state or nation, much less the town of Harrison, gave that time gladly in the interests of their home sections.

New type of government

IN DOING so they developed in Harrison what amounts to an entirely new type of town government, a type which has succeeded beyond the best hopes of its originators, a type which many observers declare ideal for the suburban community, and the basic principles of which might well apply anywhere.

In structure this new type of government is ridiculously simple. The only noteworthy change lay in the establishment of an unofficial body of citizens known as the Finance Committee. It is in the membership and the functioning of the Committee that the significance lies. Its chairman is Carl H. Pforzheimer of the New York brokerage firm of C. H. Pforzheimer & Co. Members of the Committee include such men as George Arents, Jr., of the American Tobacco Co.; Louis V. Rolston, attorney; Fred. D. Fremd, landscape engineer; Martin Paskus, attorney; Murray Lee, bond broker; Hugh J. Chisholm, paper manufacturer; William A. Read, Jr., of Dillon, Read & Co., and Douglas Gibbons, realtor.

How the Committee functions

THE Committee chairman is appointed by the town supervisor. The chairman names his own coworkers, giving representation to all sections of the town. The Committee discusses all matters of public policy, and develops a constructive program through the pooling of ideas. There is no bickering of rival organizations before public officials. Clashing viewpoints are reconciled before the Committee acts. The actual powers of the Committee are, of course, purely advisory, but in essence they are mandatory, since the Committee represents public opinion of the entire town.

While the basic governmental organization of Harrison differs little from that of any other New York town, the principle of putting influential citizens to work for the government has transformed it from a town in which there was financial chaos and in which some of the taxes had not been paid since 1896 to a town which is operated with the efficiency and financial exactitude of a modern corporation.

"Why do they do it, these wealthy men?" I asked Chairman Pforzheimer. "Their time is so valuable. You can't get them to work like that on anything else. What do they get out of it?"

An opportunity for service

"ONE of the difficulties in government is holding the interest of citizens in the problems that directly affect them," he replied. "In smaller communities these usually are left in the hands of those who have had no special training or experience, so that an advisory committee composed of business men or others who have special qualifications can be of great service to the community. While some of these men would not run for public office, they are glad of the opportunity of cooperating with the elected officials, and get quite a kick out of this contact with local politics."

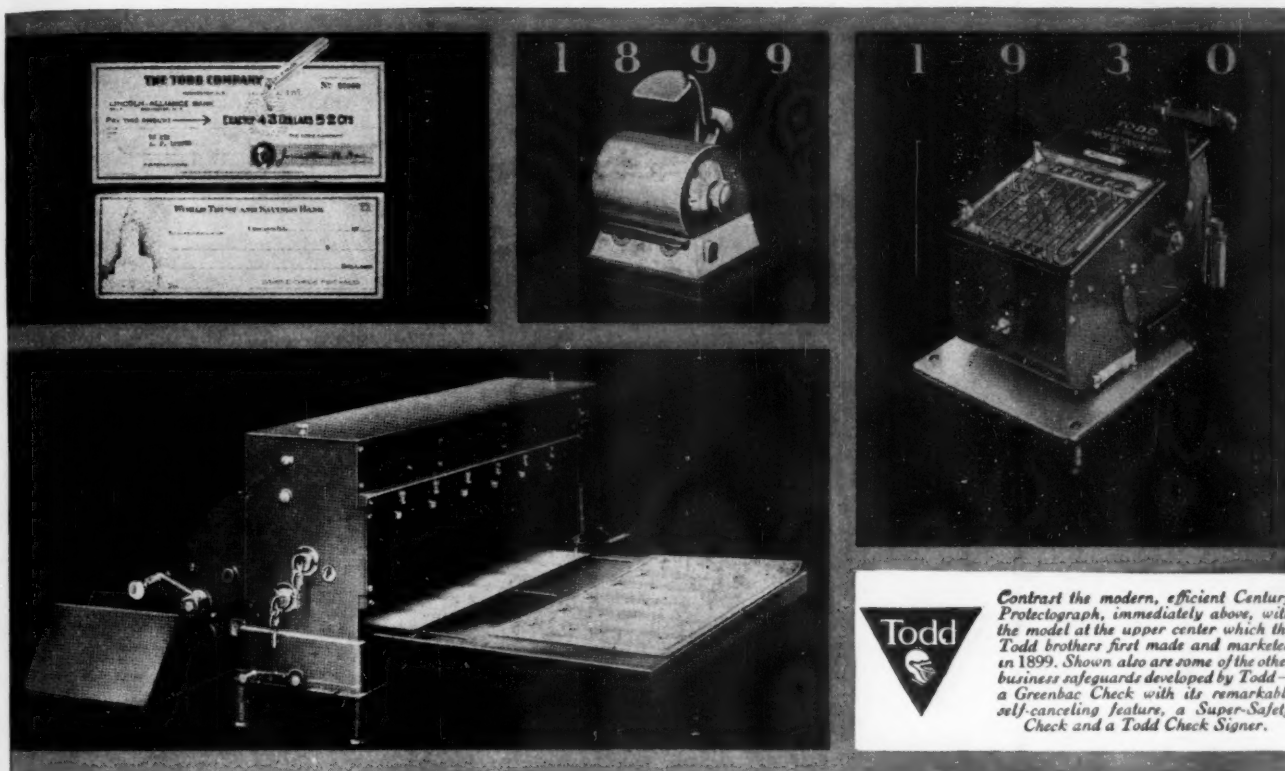
What, you may ask, has this system done for the poor man in Harrison? What effect has it had on public improvements and taxes?

The poor man unquestionably has benefited. By far the greater part of the street paving has been done in the poorer sections. Up to 1928 this paving was paid for by general assessment over the entire town. Moreover, developments that have taken place in Harrison, partly as a result of the work of the Finance Committee, have enabled rich and poor to benefit through increased property values as New York City spreads northward.

Taxes, it is true, have been increased, but that is because more service is being rendered. Also obligations are being paid currently, and old debts are being wiped out. Even so, the general town tax rate is less than medium high.

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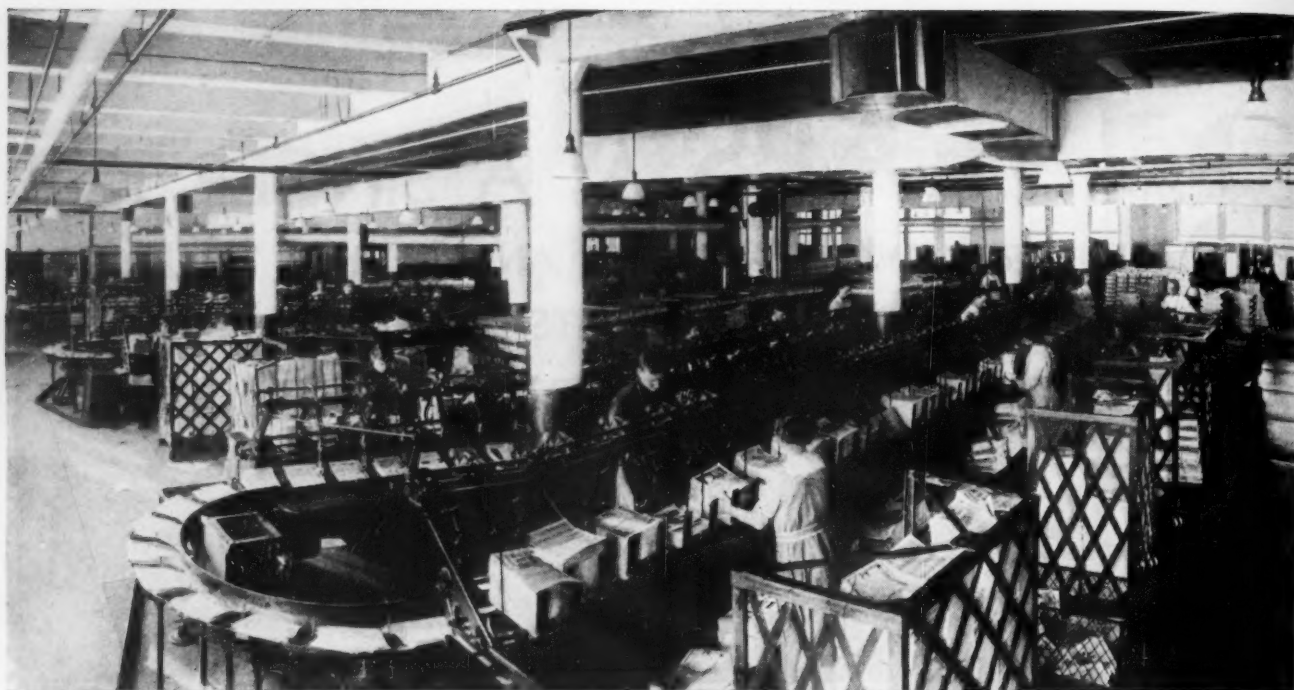
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TODD SYSTEM OF CHECK PROTECTION



This system assembles the mail-order catalogs that bring in a 30 million dollar business at a 10 per cent cost

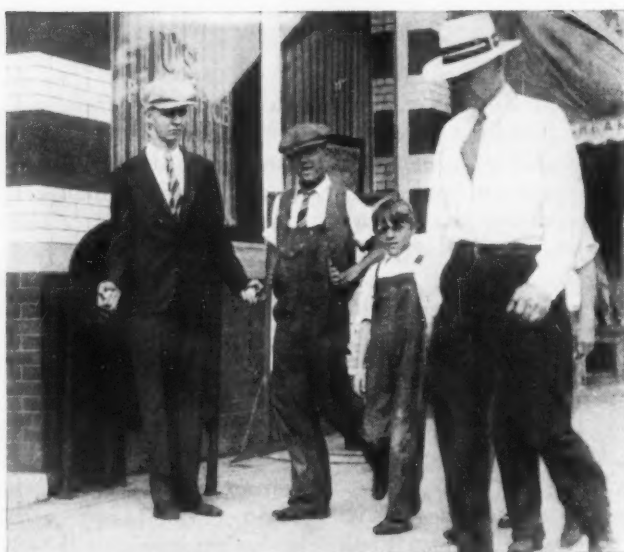
Making Business an Exact Science

By A. E. LONG

IS merchandising becoming an exact science? Will it become a profession necessitating deeper study and training than law, medicine, or the clergy?

Surely merchandising is a science already. There is no denial of that. The evidence is overwhelming. But is it becoming an exact science? Well, there is some evidence that it is. Of course, by exact sciences, we usually mean those sciences which are fixed, as algebra, trigonometry, and geometry. They are exact in that two and two are always four, in that all right angles are equal, and so forth.

But let us see, for a moment, how nearly some of the big merchandising corporations have reduced certain phases of their busi-



WHEN 15 men pass a cigar store one of them buys tobacco. Such figures as this are among the accurate gauges with which wide-awake merchants can replace old hit-or-miss methods of getting their share of trade possibilities

ness to an exact science.

The average business man is still cutting open his own letters in the morning. That is a waste of time, if he has many letters. Others have gone a step farther and have an office boy or stenographer open, sort, and distribute letters. But that is still primitive compared to what is going on in some big plants.

Contemplate this. In a certain mail-order house, the morning mail is run over the scales and the volume of orders for the day is calculated from its weight. Instead of laboriously opening the mail to read the orders and count the checks, the mail is trucked to the scales. Maybe there was a ton of mail yesterday. There is a ton and a quarter today. A rapid calculator makes his



AND THEN HE ORDERED TRANSFER CASES

HOW about that letter you got from Jones? That very *important* letter now lying in your inactive file?

Will you be able to put your fingers on it in a few seconds after it's transferred?

If you can't, you need these new transfer units, and you need them right away.

The new Remington Rand steel transfer case is most compact. It

saves 10% to 50% of your storage space . . . is strong enough to hold a ton. These sturdy cases can be piled in stacks 39 feet high and will still open and close easily; they fasten snugly at bottom, top, and sides . . . and because of huge standardized production, cost surprisingly little.

Let a Remington Rand specialist make a free analysis of your needs. Remington Rand Business Service can work out a simple solution to

any problem you may have. Without obligation on your part, our specialist will recommend in blueprint form a money-saving, space-saving, time-saving layout for your records. In many instances, Remington Rand men have saved the cost of new current filing cabinets, and have avoided the renting of additional floor space.

Call the nearest Remington Rand Branch or send the coupon below to the main office at Buffalo, N. Y.



Remington Rand Business Service Library Bureau

REMINGTON • KARDEX
SAFE-CABINET • POWERS



BAKER • VAWTER
KALAMAZOO • DALTON

REMINGTON RAND BUSINESS SERVICE
BUFFALO, N. Y.

☐ Please send me complete information on your filing systems for _____

☐ Please send a representative.

Name _____

Firm _____

Address _____

When writing to REMINGTON RAND BUSINESS SERVICE please mention *Nation's Business*

pencil fly for a moment, and tells the boss how many thousand dollars' worth of business will be found in that ton and a quarter of morning mail. The foreman of the wrapping room is notified, and he hires extra helpers from among those assembled at the back door.

It's the law of averages

ALL this before a single letter is opened. Why? Because experience has taught this concern that on the average a hundred pounds of mail brings a given number of orders, and that on the average an order is about so large. Thus multiplying pounds by dollars gives a result each morning that is abundantly accurate for purposes of plant operation.

So when checks and money orders are weighed by the hundred pounds or by the ton, and their aggregate face value estimated by tonnage instead of by actual individual scrutiny, then this phase of merchandising is approaching an exact science.

Let us examine another phase of the mail-order science. In North Dakota mail-order houses do a volume of 30 million dollars a year. To do this they send into North Dakota 76 solid carloads of catalogs. The cost of the catalogs and other advertising that goes into North Dakota to get this business is three million dollars. Thus it is costing them ten per cent to get this volume. That is becoming a fixed law; it has not varied appreciably in years.

What independent retailer is there in North Dakota who would not gladly give ten per cent total cost for his business? What retailer is there who would not gladly pay three million dollars for a 30 million dollar volume? But so long as the retailer has not arrived at a dependable scientific formula that will accomplish this for him, as the mail-order houses have, he must struggle as best he can for his insignificant volume.

In the big mail-order houses the process is not only exact, but exacting. A western manufacturer, while in Chicago on business, called on the head of one of the mail-order houses, both out of curiosity and a desire to learn something of the system. His visit was pleasant. He expressed admiration for the executives of the mail-order house who could draw such astounding volume from the far

reaches of the country. Mailing lists were discussed, and some question came up as to how the mail-order house could tell whether a name on the list was that of a man really able to buy.

"Are you familiar with the rural sections of your own state of Nebraska?" asked the mail-order executive. "Then, if you are, please mention some town out there where you are somewhat familiar with the names of nearby farmers."

The Nebraskan named Dunbar, Nebr.

"Very well," said the executive. "Now, can you give me the name of some one around there—some farmer, perhaps?"

The visitor named a farmer. The executive called an office girl, who promptly brought a card from the files which showed the name of this Dunbar farmer, that he owned 160 acres of land, was a good stock grower, and had two loads of cattle on feed at that time.

Amazed, the visitor gave another name from the Dunbar community. Again the girl came in with a card from the files bearing this man's name, with similar detailed information about his purchasing power.

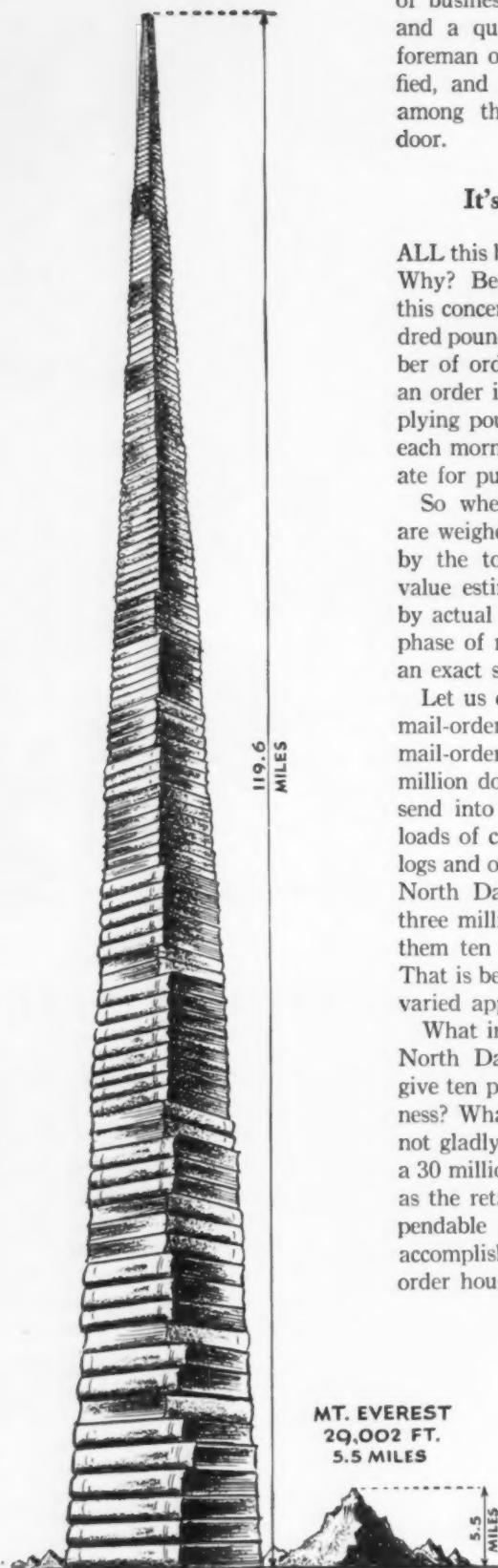
Eleven straight names of Dunbar people did this visitor pour out at the girl before he found one she did not have on the list. The eleventh one was the first the mail-order house had missed.

When the visitor expressed admiration for such a system of detailed information about prospects all over the United States, the mail-order executive said quietly, "Well, if the independent country merchant knew a fourth as much about the buying power of his neighbors as we here in Chicago know, the mail-order business would be a lot tougher than it is."

Will merchants use science?

SO THIS is another phase of the science into which the business of merchandising is developing. In the face of such highly specialized, scientific competition, in the face of such towering, crushing exactitude of method, thousands of home-town merchants are still yawning over their businesses, knowing less about the volume possibilities in their community than does the cat sleeping on the cheese display in the front window.

In the grocery business, where the chain stores are giving the independent merchants more grief than in any other line, the average independent grocer is carrying almost twice as many items or brands as his chain-store competitor is carrying. He is piling up an investment on slow-moving items that his chain



The copies of only one issue of a widely distributed mail-order catalog would make a pile 119.6 miles high, 21 times as high as Mt. Everest

"AUDIT"

YOUR PACKAGING SYSTEM?

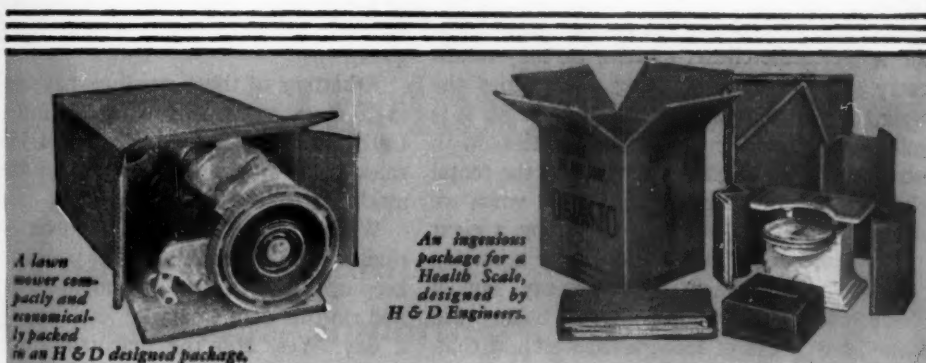
IT is just as necessary to check up on your packaging system as it is to audit your books.

With constantly changing conditions in present day shipping methods it is important to know that your package provides complete protection, convenience and efficiency all the way from packing room to point of delivery without unnecessary cost or expense.

To secure the utmost efficiency and economy may require only a slight

change in your present packaging method. Or it may necessitate the complete redesigning of your whole packaging system.

In either case, it will pay you to send for an H & D Package Engineer. Shippers save thousands of dollars every year through the sound counsel and recommendations of the staff of 50 H & D Package Engineers.



SHIPPING BOXES

THE HINDE & DAUCH PAPER COMPANY
304 Decatur Street, Sandusky, Ohio

Please send me a copy of "How to Pack It"

Name

Address

City State

We are interested in packing

competitor is scientifically avoiding.

No need to dwell on this, but the National Chain Grocers' Association admits that chain-grocery warehouses stock an average of only 700 items, whereas the average independent-grocery warehouse stocks from 1,400 to 2,100 items or brands. The chains have simply scientifically charted out the public demand. They have plotted a curve on daily human wants, and have found that the housewife buys bread oftener than she buys honey; that she buys oatmeal oftener than she buys mousetraps, and so they stock plenty of oatmeal but no mousetraps. The independent grocer may sense these things vaguely, but he has not charted them, or blueprinted the facts.

If any more evidence is needed that selling is becoming an exact science, a jump into the field of real estate and rental values might not be amiss. Twelve years ago when realty values were just beginning to creep upward, Omaha, Neb., was a city a little short of 200,000 population.

About that time strange little clicking noises began to be heard now and then in a corner drug store, a bank building, or an office building in the city.

Counting prospective customers

IF YOU followed the sounds carefully, they led you to a man standing near a window in the building looking intently into the street and studying the traffic. The clicking came from a little instrument in his hand, no larger than a watch. He was pressing a button every time a person passed on the sidewalk, registering the number of people going by that corner. He held a similar instrument in the other hand, and was there registering the number of automobiles that passed.

If you went back the next day you probably found him there again. He took these observations at the same corner for perhaps a week or ten days, to get statistics on the average traffic, rain or shine.

These figures were submitted to experts who computed the amount of traffic to be expected at that particular corner in a year.

Soon after that mysterious clicking began at the corners in Omaha, came the announcement that a certain real estate man had obtained a 99-year lease on the most valuable corner in the city, at Sixteenth and Farnam Streets, and was increasing the rentals for all tenants. Within a week the same man had leased another valuable downtown

property and had increased the rents in that building.

There was some grumbling, but for the most part the increased rentals were paid, because there was difficulty in finding other suitable locations.

Really there was nothing so new about this clicker system of registering traffic and computing values on that basis. It was new to Omaha, that was all. The science of selling corner properties, or corner rentals, in Omaha simply had not previously caught step with the times, and this real-estate man learned the science and applied it in a community where the rest were asleep.

The others were not aware that chain tobacco companies know that whenever 15 men pass their door, one of the 15 will come in and buy some form of tobacco. They did not know that whenever a given number of women pass a women's wear store, a given percentage will come in to shop. They did not know that in this manner the value of a given location can be definitely determined as for a cigar store, a millinery store, a meat market, or an office building.

And so they slept while the little clicker registered exact facts, and thousands of renters were thus put over a barrel and spanked to the tune of increased rentals. Not necessarily exorbitant rentals, but rentals such as a given location with given traffic flow should command.

Chains have studied locations

LEAVING now the rental phase of this scientific clicker system, we may return to the merchandising possibilities the instrument has revealed. After all it is the merchandising possibilities in a given location that determine the rental value of that location. Thus when we know that of 15 men passing a cigar store one will go in and buy a smoke; when we know that one, say, out of every 25 persons passing a bakery will buy bread or rolls; when we know that, say, one out of 77 persons passing a jewelry store will go in and make a purchase; then it becomes comparatively simple to determine in advance the chances of succeeding in the cigar business, the bakery business, or the jewelry business in a given location.

Chain stores have long recognized the science of locations. They have long known how to gauge prospective business volume by the number of people to whom the store front exposes itself in an average day.

They have recognized, too, that the people passing the store know pretty well what they want in the matter of staples,

and that it is not necessary to employ a lot of sales people to "sell" these staples.

Given the crowd, they know that people will go in with a definite purpose to buy bread, cigars, crackers, potatoes, sugar, tooth paste, or shaving cream. So they have scientifically exposed themselves to the crowd, and left it to the good sense of the individuals in the crowd to go in and select their own staples, throw them into a basket, pay for them, and go about their business.

Machines to sell with speed

SOME of the more progressive of the chain stores have taken yet another forward leap in the science of selling staples. In handling the smaller and neatly packaged goods, they are using automatic vending machines. Cigarets, gum, shaving cream, tooth paste, and a thousand other items lend themselves to this latest scientific method of selling.

A dash of romance has been added to this method by the fact that some of these vending machines now talk to the customer when he makes a purchase. When he drops his 15 cents into the slot labeled with the name of his favorite cigaret, the machine kicks out the package, then in a pleasing voice thanks the customer and repeats the advertising slogan of that cigaret. It does the same with chewing gum, and a lot of other nationally advertised items. Thus the machine serves the customer scientifically, quickly, and almost as sociably as the old-time clerk once did—leaving out only the unnecessary neighborhood gossip.

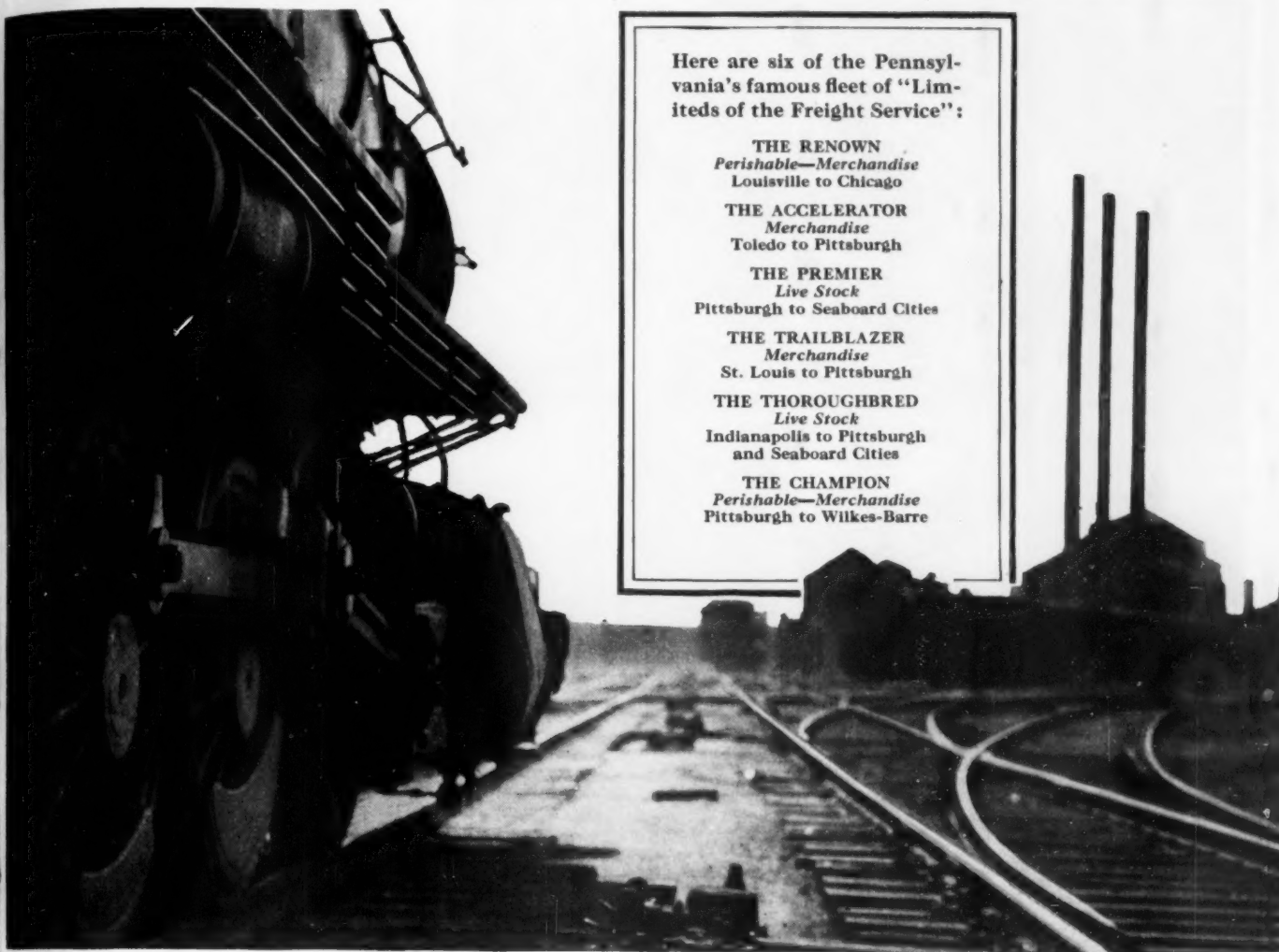
A battery of these vending machines in a store at Broadway and Thirty-third Street in New York makes 773 sales per day, and the rental of the machines is less than \$3 a day.

Where is the clerk, be he ever so nimble, who can make 77 sales per hour, keep up the pace for ten straight hours, and do this at a salary of less than \$3 a day? Yes, and the machines make change for the customer also.

Such troublesome items as postage stamps, which were once "sold" at cost by drug stores, consuming a lot of the drug clerks' time, are now sold by vending machines in up-to-date drug stores at no cost of clerk time whatever and at a smart profit to the house.

A vice president of a big chain organization found that the motions and speech of his clerks are 60 per cent automatic. He concluded that machines were therefore better, more accurate, and less expensive for dispensing a vast variety of packaged goods.

A chain-store magnate who is in-



Here are six of the Pennsylvania's famous fleet of "Limiteds of the Freight Service":

THE RENOWN
Perishable—Merchandise
Louisville to Chicago

THE ACCELERATOR
Merchandise
Toledo to Pittsburgh

THE PREMIER
Live Stock
Pittsburgh to Seaboard Cities

THE TRAILBLAZER
Merchandise
St. Louis to Pittsburgh

THE THOROUGHbred
Live Stock
Indianapolis to Pittsburgh
and Seaboard Cities

THE CHAMPION
Perishable—Merchandise
Pittsburgh to Wilkes-Barre

Class 1 Railroads in One Year Haul \$68,261,054,000 Worth of Freight

*On time transportation
more and more important
as freight volume mounts*

TREMENDOUS as they are, these recently compiled figures for 1928 will, in all likelihood, be exceeded by the total for 1929.

Merchants, shippers, consignees . . . thousands of people all over the country have capital tied up in transit every day. Only reliable on time transportation can ensure the rapid, regular liberation of this capital for other purposes.

The economic soundness of the Pennsylvania's emphasis upon *scheduled* freight transportation is thus made increasingly clear. On time records turned in by the Pennsylvania's famous fleet of "Limiteds of the Freight Service" consistently point the way to new economies in cutting inventories, increasing turnover, keeping capital constantly and profitably employed.

PENNSYLVANIA RAILROAD

Carries more passengers, hauls more freight than any other railroad in America



PRESSED STEEL

Designed and Developed



AXLE HOUSING COVER

A typical example of deep drawn stamping requiring one major forming operation, trimming and perforating of flange, perforating, reaming and forming of drain hole. These operations set up in production unit insure efficiency and low cost.

Manufacturers who are confronted with the necessity of improving their product or reducing costs are urged to investigate the possibilities of Pressed Steel as designed and developed by Truscon. Complete fabrication of pressed steel parts is skillfully and economically carried through in the thirteen acre Cleveland plant, which is equipped to produce the heaviest sections and to execute the most complicated designs.

Truscon engineers will welcome the opportunity to show what they have accomplished for other manufacturers and to submit suggestions applicable to your own needs. Your inquiries are invited.

TRUSCON STEEL COMPANY

PRESSED STEEL DIVISION
6100 Truscon Avenue, Cleveland, Ohio

SAVE WITH PRESSED STEEL

When writing to TRUSCON STEEL COMPANY please mention Nation's Business

stalling battery after battery of vending machines, and who yet maintains a corps of clerks for wrapping, sacking, and punching the cash register, has pointed to the great cost of clerk hire for the sale of inexpensive items. He has put it this way, "Let the machine sell the nickel item and thus release the clerk to put his time on the \$5 item."

The era of automatic merchandising of staples is decidedly here. At the present rate of development, it is estimated that by 1933 there will be one million automatic vending and change-making machines in operation in American stores.

Obviously, automatic selling machines have their greatest usefulness where the flow of humanity is greatest. Thus the system of "ticking off" the number in the passing throng is important before determining what investment to make in vending machines.

There is still another phase to the science of "counting noses" of passing prospects. The passing throng bears a direct relation to the money value of the window for display purposes. Window display space in the stores has come to have a definite and scientifically measured advertising value.

Some retailers must catch up

FROM the evidence here presented to point the trend of modern selling toward a scientific basis, it will be seen by comparison just how far the average small-town merchant still lags behind the procession. It is the business of the manufacturer, the wholesaler, the sales manager and traveling salesman to awaken him to the web of science that is being woven about him—a web which will surely strangle him sooner or later unless he wakes up.

It is the business of the alert sales manager to inform himself and his salesmen on these modern scientific trends in merchandising, and to be able to tell the story forcefully to retailers. Traveling salesmen should urge retailers to read their trade papers, attend conventions, and learn all they can about modern methods of retailing.

In the days when retailers were just Main Street drones, who sleepily waited for the daily average of customers and made no plans whatsoever, they all had an equal chance. But this is a day when new methods and scientific merchandising plots are blooming forth like rockets in an artillery duel. The independent retailers can survive, but only by learning the enemy's methods, as a basis for counter attacks. They cannot survive by being merely counter warmers.

Most concerns have no idea how much we could save them

Perhaps yours is one of them

Most concerns have no idea how much money can be saved on packaging costs, merely by replacing obsolete machinery with more modern and efficient machines.

The early wrapping machines which we introduced to replace hand wrapping made phenomenal savings. Some of these machines are still in use. But there have been vast improvements made since then.

The modern machines now available run at higher speeds. In some cases the speed has been doubled. That means greater production at less cost. Often the installation of such high-speed machines makes it unnecessary to rent additional space, or to build.

Material costs have also been lowered, because modern machines require less over-lap on wrappers—an important item where production runs into large volume.

A Better Selling Package

We have also improved upon the work done by wrapping machines. Due to exclusive features, our machines produce a neater, smoother-looking package. This improved appearance is a real advantage in the package-goods field, where so much depends upon "eye-value".

Consult Us

We place at your disposal our wide experience in building wrapping machines for a great variety of products. No matter what your problem may be—lower costs, a better package, or a way to wrap a new product—feel free to call upon us for information and assistance.

PACKAGE MACHINERY COMPANY

Springfield, Massachusetts

NEW YORK

CHICAGO

LOS ANGELES

LONDON—Baker Perkins, Ltd.




PACKAGE MACHINERY COMPANY
Over 150 Million Packages per day are wrapped on our Machines

THE PATTERN OF COMMERCE



AS SEEN BY
Raymond Willoughby



EVERY thinking man—and who is not?—is ready to believe that scientific research has much to do with keeping the world's progress up to snuff, yet an occasional fillip of fact helps to hold doubt at a proper distance.

Serving this rôle is the statement of the General Electric Company that electric apparatus which as recently as ten years ago was either unknown or of negligible commercial importance accounted for more than 20 per cent of the total income received in 1929.

BY report of the Federal Power Commission, steam generation is holding its own with hydraulic generation. It was the purpose of the Congress in passing the act of 1920 to stimulate the development and utilization of the nation's latent waterpower resources, yet the Commission now says, "in view of the fact that waterpower has barely maintained its share of the vastly expanded market in competition with fuel power, there may be some question as to whether the objective of the legislation has been achieved."

The difference between expectancy and attainment is explained by the availability of cheap fuel, the improvements in the efficiency of fuel-using plants, and the uneven distribution of waterpower resources, a circumstance that affects the economical transmission of energy.

As for the whole electric-power industry, the Commission expected late in 1929 to find a new record made in that year, even though the proportion generated by waterpower was sharply reduced. Generation in 1928 amounted to 88 billion kilowatt hours—126 per cent above the output ten years before. But whether by fuel generation or hydroelectric development, the Commission forecasts a continued expansion

of the industry—a prophecy that gives a sort of electrical emphasis to the old wish, "more power to you!"

AN earlier generation may remember "the name that made Milwaukee famous." There was foam and ferment in the very advertising of the product it identified.

Time and change.

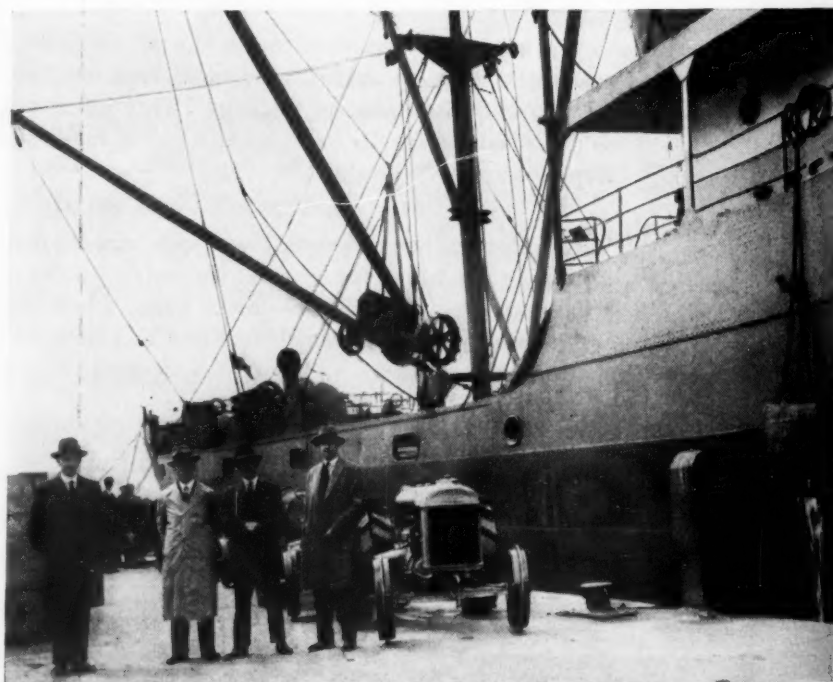
Now the outboard motor makers are giving the town a play with their bright publicity. Some of the new motors are to have self-starters, something new on these skittish power plants.

As every freshwater skipper knows, an outboard motor can be easily hooked over the stern of a small craft and presto! it can whisk hither and yon, no

end. The trouble has been the starting—a chore always, and sometimes a riddle. Relief from the hand method of spinning the flywheel will be welcome.

Yet this is the sort of progress that is making it harder and harder for fathers to keep on urging their sons to paddle their own canoes.

THE development of a new type of electrically-welded flooring is a promising step toward relaxing belief that the first hundred stories are the hardest. This new floor construction, known as the "battledock" type, considerably reduces the weight of the structure in which it is used. It was publicly demonstrated for the first time at Biloxi, Miss. during the seventh annual convention of



Ireland produces its first crop of Ford tractors for American consumption. The steamer Kerhonkson, Oriole Line, at the Ford pier on the River Lee stows 70 units consigned to the United States

the American Institute of Steel Construction.

Whatever new heights are made possible through this improvement, it is becoming apparent in New York that roof lines are now straining at the thousand-foot level. We hear that architects are staying up nights in order to work out trick formations for winning the tall building championship.

As the race stands now, the mythical award would seem to go to the new Empire Building by virtue of Governor Al Smith's idea of topping its thousand feet with a 300-foot mooring mast for visiting Zeppelins. The new Bank of Manhattan building plans to add a cubit or so to its stature by hoisting a lantern and a flag pole above its ten penthouses, thereby stretching 850 feet into 925.

Not to be overshadowed in this dizzy competition, the Chrysler building caps its 845 feet of architecture with a "vertex" or steel pinnacle, boosting its altitude to 1,030 feet. And the French Company promises a 1,100-foot structure on the site of the Hippodrome building, now used as a vaudeville theater.

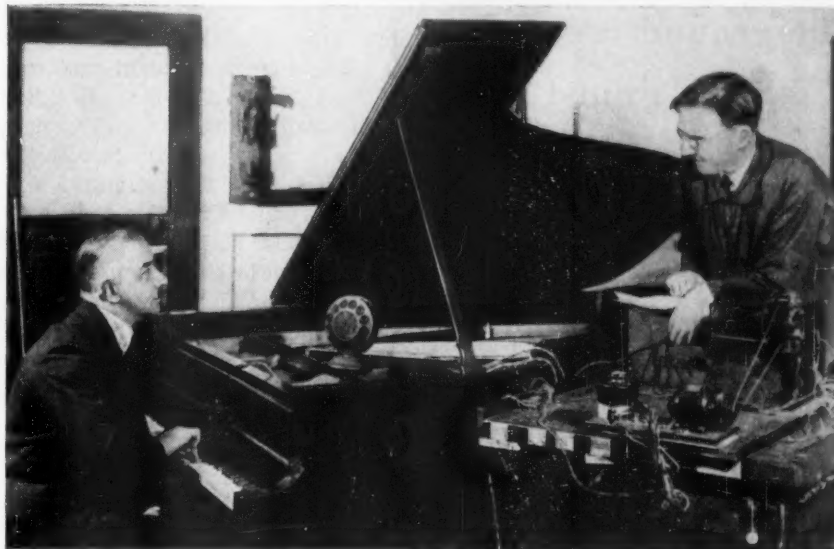
We don't know whether Doctor Angell, president of Yale, would include the fruits of this competition along with the "splendid uprush" of college buildings he reports. Extracurricular activities, perhaps. Certainly it takes no great passion for the figurative to see the towers of Manhattan as the tallest ex-

clamation marks of our civilization. For they do certify to our enduring love of the highest, the biggest, the most stupendous. If we are like children crying for the moon, as some foreign observers conclude, we seem in a fair way to provide our own ladders.

DR. Alexander Wolff's plan for establishing "chain" emergency hospitals near extensive building operations in New York City is a humanitarian detour around the traffic problem, as well

as an immediate benefit to the injured worker. These hospitals are located as close as possible to the construction work in process, and their staffs are on duty throughout the working day. How useful these stations have become is revealed in the fact that 2,000 treatments were given at one location in the course of one construction job.

Accident insurance companies pay the fees of the injured workmen. The injuries have ranged from a sliver of wood in the finger to a fractured skull. So long as there are lapses from "safety first,"



Rudolph Ganz, pianist, makes a sound-wave record with the "osiso" in the American Steel & Wire Company's laboratory. The device interprets sound through a beam of light



Steel paints its face and puts up a deceptive new front on the Kurfuhrsten Strasse, Berlin. In this virtually all-steel construction, the metal ribs are painted to simulate stone or concrete

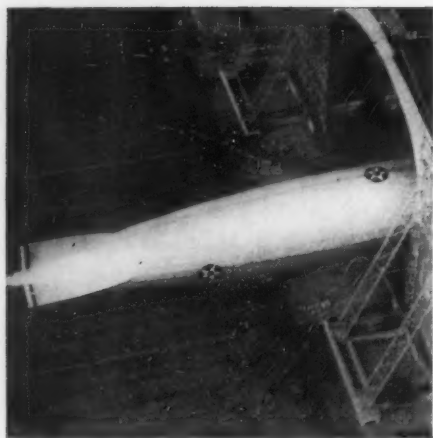
"first aid" is better aid for being right on the job with the worker.

FARM relief can profitably begin at home on the showing of rural roadside stands in New Hampshire.

The average sales amount to \$1,800 a year, the state university reports. Five stands did a business of more than \$10,000. Reports from Connecticut and Massachusetts indicated sales as high as \$30,000 a year.

It all gets down to the new markets and new opportunities created by motor traffic. Overnight lodging and meals for tourists, summer hotels, boys' camps and girls' camps, too, provide other sources of revenue for ruralites.

On the word of J. C. Kendall, director of the state experiment station, 800 stands were in operation on a thousand miles of New Hampshire highways. Candy, ice cream, soft drinks, gas and oil were regularly sold. It is worth noting that at the 50 stands doing an average business of more than \$3,100, farm



The ground crew

... must work

unhampered

THE Airport may well learn from the experience of industry and protect the public, its workers and property with Wickwire Spencer Chain Link Fence.

Industry has tried Wickwire Spencer Fence and accepted it. The galvanizing is hot dipped after fabrication, the sections are heavy and strong, the gates are built for constant use. It is a satisfactory, permanent yet economical fence.

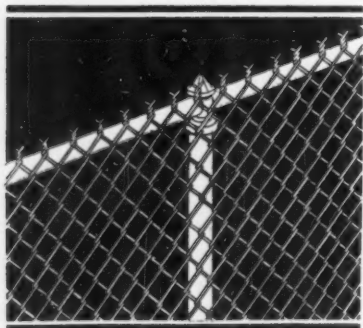
WICKWIRE SPENCER STEEL CO.
43-49 East 42nd Street, New York City

Local Sales and Erecting Offices

Worcester	Chicago	Los Angeles
Buffalo	Atlanta	Seattle
Cleveland	San Francisco	Portland



This triangular name plate appears on all genuine Wickwire Spencer Fences



WICKWIRE SPENCER
Chain Link fence

When writing please mention Nation's Business

produce made up 31 per cent of the sales, some reason for saying:

In the frame stands that edged the road,
Their signs to ev'ry eye displayed,
Here once New Hampshire farmers stood,
And found relief in all who paid.

CALIFORNIA has elevated the commuter to a higher plane in giving him "air ferries" between Oakland and San Francisco. There is a flash of novelty in that enterprise. In the main, commercial aviation has held its own as means of making long jumps in the minimum of time. This new ferry service will put the plane into direct short-haul competition with the ferries in the East Bay.

The hustling American who regularly sprints from his home in Suburbia to make the 8:15 is no stranger. With wings he should make his desk in the city in almost nothing flat. And it is high time that he got some press notices along with the "Flying Dutchman," the "Flying Scotsman," the "Flying Finn," and all the rest of the famous swoopers of this and other worlds.

FOREIGNERS who feel none too tender toward us sometimes ease their minds by calling us copy cats. They say we have only imitated what the old world has given us in industrial art—in fabrics, furnishings, forms, furniture, and finishes. There is some truth in that charge, of course, but we are now doing something to make it less valid.

In New York, for example, silk fabrics designed by students of Cooper Union were exhibited before buyers and representatives of the silk industry. This showing was arranged by the silk manufacturers and was called "the first significant tie-up of American student-designer, manufacturer and shop." It was the first display of the trade at which foreign designs have not predominated, the report said.

The fabrics, which have been developed from designs by members of Miss Ethel Traphagen's class in costume designing at the Woman's Art School of Cooper Union, are to be displayed by department stores throughout the country. Never before, according to Miss Traphagen, have designs of American students been accepted by the trade in quantities sufficient to influence the prevailing fashion. Their showing, Miss Traphagen believes, is indicative of a trend which will make New York the fashion center of the world.

That is a considerable order, yet it

seems less formidable for the eager minds now at work on it. Of one thing they can be sure, the old world has no monopoly either of art or of artistry. The most helpful criticism that can be leveled at American art is to see that there is more of it.

WHATEVER else may pass for the "secrets" of successful advertising, the judicious inclusion of humor, brevity, and romance probably would not be seriously disputed. These ingredients, along with solid facts, are offered by Kenneth Collins, executive vice president of R. H. Macy & Company, New York, as the explanation of successful advertising.

Whether or not this age is classed by pedants as one of realism, Mr. Collins believes that we are incorrigibly romantic and quixotic. "In moments of excitement we actually enjoy giving till it hurts. We sob over sentimental movies and novels."

The danger is, of course, that sentimentality be mistaken for sentiment. And so we are warned of the distinction, and told to "employ a little humor, always grin after you furtively wipe your eyes, for such advertising will be read." And certainly there is an additional commercial significance in knowing whether these April moods are expressed in the natural resource of human tears, or in the bright glycerin of the movies.

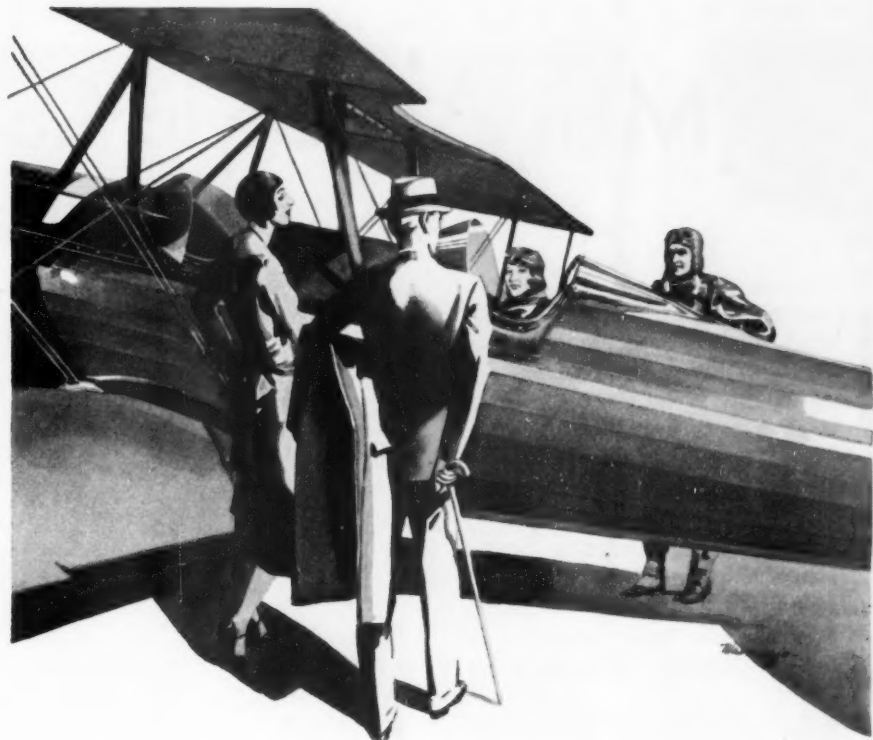
PLANES get bigger and bigger, and their makers throw out taller and taller figures about carrying capacities. The Germans say the Dornier DO-X type can fly off with a hundred people, and the Italians make the same claim for their ponderous Caproni 90. By way of out-hefting all this avoirdupois, the General Development Company of Connecticut is putting together a monoplane to carry 162 passengers.

As capacities have seemed more desirable, wings have grown so broad that spreads of 100 feet are no longer rare. One of the General Development Company's monoplane types designed by Dr. William W. Christmas has a spread of 262 feet.

It was Dr. Dornier who pointed out that "the limiting factor in the creation of large airplanes right now is the factor of power." Designers "want a satisfactory motor developing 1,000 horse power," he says, and "we will get it eventually." Yet even with the first crude power plants, aviation easily outdistanced all notions that it had no visible means of support.



WOMEN HAVE EARNED THEIR RIGHT TO WINGS



ON every hand the American woman has accepted aviation as a vital factor in modern, progressive life and to her many accomplishments has added the art of flying justly earning her right to wings.

- The rapidity with which large numbers of young women have learned to fly is testimony to the fact that it is not difficult to pilot an airplane. Every spirited woman has the qualifications of a pilot, because with proper training and practice, flying is a science easily mastered. This is particularly true in airplanes which are distinctively safe, trustworthy and easy to fly.

- Spartan airplanes are trustworthy because of unerring stability safe because of inbuilt strength and durability easy to fly because of responsive power and control.

SPARTAN AIRCRAFT COMPANY
TULSA, OKLAHOMA

SPARTAN C-3-165

Write for folder describing the Spartan C-3-165 powered by the Wright "Whirlwind Five." Special equipment includes dual controls, metal propeller, booster magneto, gasoline gauge, air-speed indicator, oleo gear, 30 x 5 Berdix wheels and brakes, adjustable stabilizer, navigation lights . . . **\$5975** FLY AWAY TULSA

The new Spartan C-3-225 powered by the Wright "Whirlwind Seven" is priced at \$7750 fly away Tulsa.



When writing to SPARTAN AIRCRAFT COMPANY please mention Nation's Business

Men Are Style Conscious

By ALLEN E. RIVKIN

IT wasn't the heat of that July day which made fifty thousand Frenchmen batter down the iron doors of the Bastille; it was a call to political freedom that tore the hearts of these stalwart souls. . . . And when Gifford R. Hart stands on the corner of Forty-second and Fifth Avenue and sees fifty thousand Americans parading in pajamas instead of the usual coat, vest and trouser uniform, I'll say that his article, "If Men Become Style Conscious" in NATION'S BUSINESS, had a world of truth in it.

But I'm not waiting for something to happen which has already happened. I mean, simply, that men *are* "style-conscious."

To be sure, we in the men's clothing industry don't have to advertise, at the start of a season, "Paris is showing——" But we do have our ears to the ground to listen to the rumblings. There's Hollywood, for instance. When you consider that what Buddy Rogers wears in a college picture will be shown in more than fifteen thousand movie houses in three months, you have to start "considering things even more fundamental than the relative desirability of two versus four buttons on the sleeve of a coat."

I recall quite vividly being in a store in Minneapolis when Arthur Lake appeared in a "sizzling" college romance. He wore a 22 inch trouser bottom to taper off a pair of pants that must have measured 28 to 30 inches at the knee. The collegians at the University were smart enough to see the satire of Mr. Lake's caricature; but the pool-hall cowboys actually came into the store and asked for this type trouser! Style-conscious? Mr. Hart!

Wales leads the parade

Don't you think that the Prince of Wales' appearance at one of the derbies late in 1927 brought about the mode of double-breasted vests for the next spring season? All manufacturers put this style in their line. They had to. The consumer demanded it in strong enough doses to make it unprofitable if we said, "Just a passing fancy."

All the style scouts in the world watch the Prince of Wales. Remember when he wore a soft shirt with his dinner jacket? Collegians had been doing this for years and the shirt people were almost ready to call it a day when H.R.H. gave the campus boys his big "okay." Recall, if you will, that the shirt and collar people had been spending thousands telling the boys they couldn't succeed unless they wore boiled shirts with tuxedos and a starched collar at business! One little fellow on lower Fifth Avenue (who takes business too seriously) wanted to know if something couldn't be done to keep Wales dressed correctly!

Worries for the style scout

But the Heir Apparent isn't the only source of trouble. The tennis matches at Forest Hills; the races at Saratoga and the derby at Louisville; the opera season in New York; the polo on Long Island; the rodeos at Pendleton; the sailing on the Sound; the diplomatic dinners in Washington; the football at New Haven and Palo Alto; the Zeppelin homecoming at Lakehurst; the six-day bike races and the pugilistic endeavors at Madison Square Garden; the "first-nights" on Broadway and Hollywood Boulevard; the winter sports at Quebec and St. Moritz; the early spring at Biarritz and Saint-Jean de Luz—these all worry the style scout.

More and more is the press tabulating the styles worn by men at these places; and the trade journals devote pages to them. Even the Sunday roto sheets are leaning more and more toward including the male escort when they snap Miss So-and-So "who was a debutante of last season." Why, Mr. Hart? Ah, you guess.

Perhaps Mr. Hart will accuse me of dealing with cosmopolitan centers too strongly because it is quite true that Broadway, Fifth Avenue and Wall Street are certainly the epitome of style-consciousness.

And it is quite interesting to note how the spacing of buttonholes, the width of lapels, the absence or presence of cuffs on the sleeves or trousers, the choice of patterns and fabrics immediately tell the acute observer how his

subject is dressing and where his business takes him.

If Wall Street wears a conservative sharkskin in a gray, Broadway will want a pincheck sharkskin in a shrieking brown; if Fifth Avenue chooses oxford gray with a fine basket weave, Broadway yells for herringbones, shadow stripes and cross weaves of wide proportions. New York does not dress all alike.

Out in Minot, N. D., our manager writes that he needs more rope-shoulder models. Fifth Avenue tailors made this voguish last season in an effort to make the waistline narrower by broadening the shoulders.

In Great Falls, Mont., a three-button "college" coat with a roll lapel seems to get the demand. And they want only plain shoulders.

In southern California they'll wear nothing but a one-button, tight-fitting, hip-hugging jacket with Tattersall vest and plaited trousers, salt-and-pepper tweeds or light unfinished worsteds with a faint rayon stripe.

In St. Louis the two-button rather conservative garment is the answer in worsteds, twists or gabardines.

In Duluth, Minn., the plaid-over-plaid in brown and tan intermixtures and a two-button, notched-lapel jacket seems to be moving with great speed.

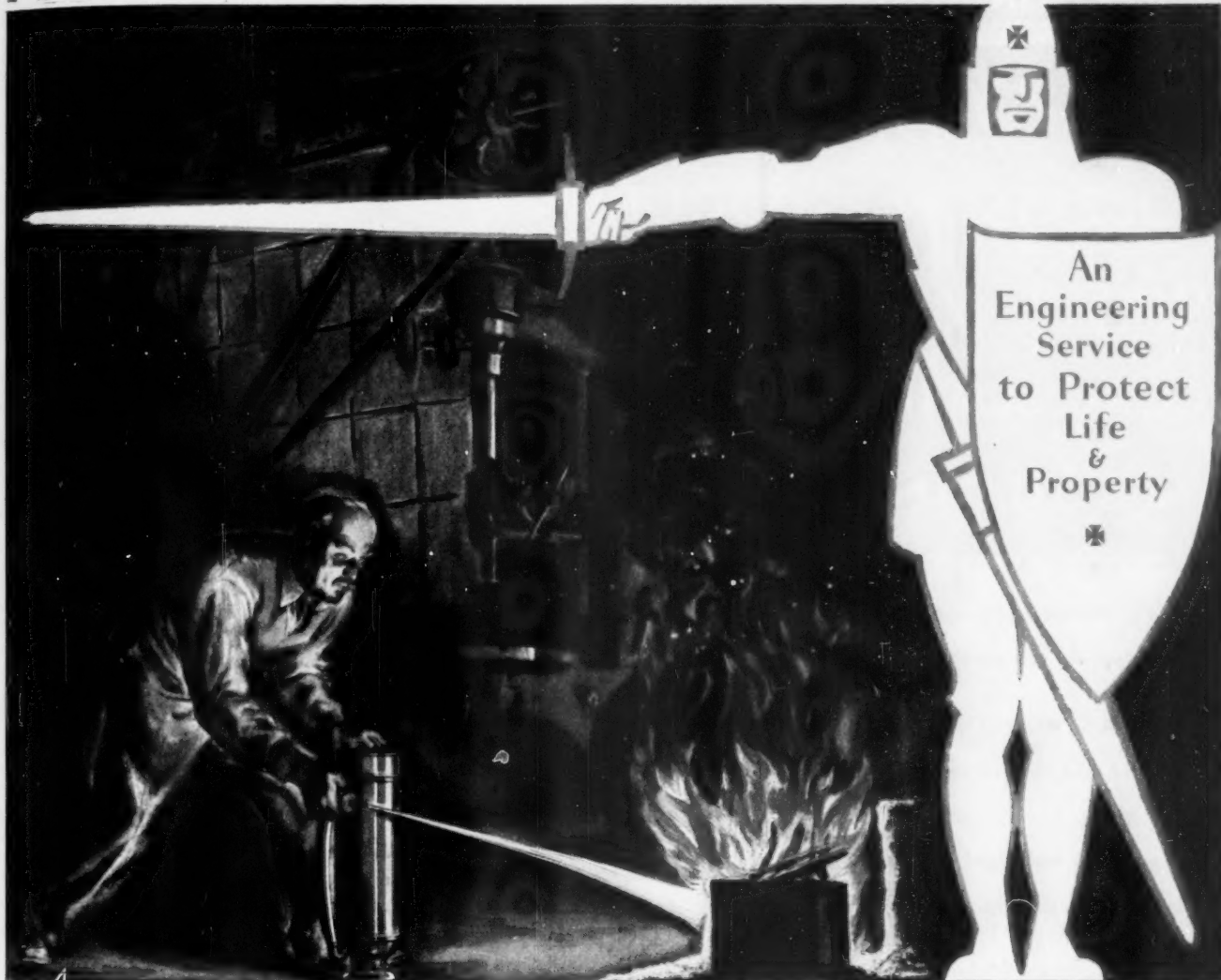
In the nether ranges

These are not \$60 suits or even \$35 suits. They're \$21.50 and \$22.50 garments. These are the style demands in towns ranging from 8,000 to a quarter-million population. They're not cosmopolitan nor metropolitan centers. Are they style-conscious?

Is it possible for us to "order fabrics six months in advance, make up 200,000 suits in six or eight models and successfully market them, barring any bad depression in general business"? Not from a style point of view, Mr. Hart.

You've noticed by now that I'm only taking up the issue of men's suits. I could talk about topcoats, overcoats, hats (somebody ought to talk very seriously about hats if this bare-headed craze continues), shoes, and accessories

FIRE — AN INCIDENT OR A DISASTER ?



A lick of flame - a building menaced - a business threatened

Eleven o'clock! Twelve! One! Two! Three! Over and over through the lengthening hours of the night, the watchman makes his rounds, searching for the unexpected—the threatening. Suddenly there's a lick of flame—tiny in size, gigantic in possibilities! A moments work with an extinguisher . . . and what might have been a *disaster* becomes an *incident* that passes in the night!

A story that might have been taken from experience in *thousands* of industrial plants. A story that may be

duplicated in your plant tonight! Are you sure your plant is properly and adequately protected against fire?

American-LaFrance and Foamite offers you a service represented by the Crusader, a service based on four things: A complete study of the type of equipment your property calls for; the installation of proper and adequate safeguards; instruction of your employees as to the proper use of this equipment; and, if you like, regular check-up by our engineers

to be sure the equipment is always ready.

Why not have one of our fire protection engineers call. You will find him unprejudiced because his company makes every recognized type of fire-fighting equipment. Write for an appointment . . . American-LaFrance and Foamite Corporation, Engineers and Manufacturers, Dept. D62, Elmira, New York.

"Correct Protection Against Fire" is a booklet describing our service and products. A request brings it to you.



LA FRANCE AND FOAMITE PROTECTION
AN ENGINEERING SERVICE
AGAINST FIRE

When writing to AMERICAN-LAFRANCE AND FOAMITE CORPORATION please mention Nation's Business

ROBERTSON STRIKES AT COSTS

**EVERY
ROBERTSON PRODUCT
WAS INVENTED TO
CURE SOME TROUBLE
IN BUILDINGS**

Not one Robertson building product falls into the class of "just another type."

Every one is an effort of the laboratory, the research man, the inventor, to remove another of the knotty problems which gnaw away at industrial profits. Each one is unique in its field.

Robertson Protected Metal... Robertson Protected Steel Roof Decks... Robertson Ventilators... Robertson Skylights and Sash... each one is a solver of some hard-to-solve problem.

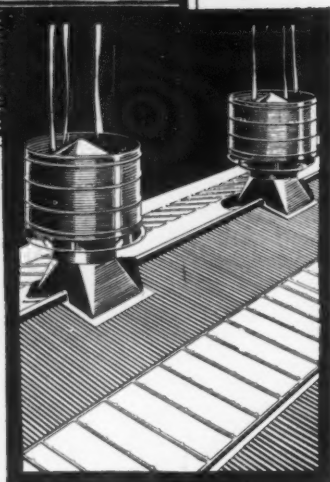
Do you have to contend with corrosion in your buildings? Call on Robertson! Do you have to spend too much money on maintenance? Call on Robertson! Is the light poor or costly in your buildings? Are fumes present? Are your heating bills unnecessarily high? Call on Robertson!

The suggestions of Robertson engineers on industrial building problems will cost you nothing and will not obligate you. Just write.

H. H. ROBERTSON COMPANY, PITTSBURGH, PA.



When writing to H. H. ROBERTSON COMPANY please mention Nation's Business



—but the point I make in suits can be dittoed all the way through.

If "fabrics, to the layman, vary as little from year to year as profanity" then somebody is paying these customers of ours to ask for something Mr. Courtney Little wore at Churchill Downs. If "men's suits, coats, hats or what nots, in their present form, are decidedly staple," then we ought to discharge our woolen buyers, our style scouts, our designers, our whole production personnel and just duplicate that which we bought and sold for the last ten years.

And if "the actual chances of serious error are negligible in a business guided with any reasonable degree of experience and common sense," why, then, this clothing business is a cinch!

When will men dress sensibly?

Editorials last summer lamented the fact that we die-hards in the men's clothing industry were jamming wool suits down gentlemen's throats when they should be wearing something cool and comfortable instead of the "drab, dismal, ugly and unhealthy" garments they were wearing.

That is all too true, that part about being cool and comfortable. Don't we yell tropical worsteds, palm beaches, linens and nuro-tex until our advertising percentages look like total operating expense figures?

Mr. Hart and gentlemen of the industry, men will dress sensibly when they are good and ready to—and not a minute sooner. All these style charts, harmonious color wheels, style information, pattern data and fabric brochures are grand things—they help to make your buying public more and more style conscious.

But, you can't tell Mr. Average Man what H.R.H. wore at the fights last night because he saw it in the same news dispatch that you read. All you can do is what has been done in women's clothing, motor cars, decorative architecture and poetry—watch your public closely and when they're ready, you be ready with them!

Chain armor died after Sir Galahad; doublets and hose expired with Elizabethan gallantry; stove pipes and frock coats left us with the bloom of this new century. It is perhaps true that "this dark, tubular uniform" of coat, vest and trousers sends a shudder down the spine of a Childe Hassam but when 50,000 Americans want to parade down Fifth Avenue in pajamas and silk berets, they'll tell us, we won't tell them.

Showing the World...



Something New in Performance

From a standing start at the foot of this 50 per cent grade, the Six-Speed Special takes a capacity load to the top, backs half-way down, and then goes up again.

The celebrated Six-Speed Special has shown the world something new. It has become a remarkable best-seller among trucks through its outstanding performance. The better a man knows trucks the more enthusiastic he is when this sturdy International does its stuff before him. The fifty per cent grade shown in the picture above is easy for the Six-Speed Special. We want an opportunity to translate this performance into your

toughest going under heavy loads.

The Six-Speed Special is the original heavy-duty speed truck with two complete power ranges. It has a low range for the most difficult roads, for plowed fields, sticky gumbo, and steep hills, and a high range for speed on the highway. It has sturdy members throughout, good looks, and 4-wheel brakes. It runs and steers and stops to just about perfection. There are bodies for all types of loads. Ask

us to give you a demonstration.

In addition to the Six-Speed Special the International line includes the Special Delivery for loads up to $\frac{3}{4}$ -ton; 4 and 6-cylinder Speed Trucks of $1\frac{1}{4}$, $1\frac{1}{2}$ and 2-ton sizes; Heavy-Duty Trucks ranging from $2\frac{1}{2}$ -ton to 5-ton sizes; Motor Coaches, and McCormick-Deering Industrial Tractors. Sold and Serviced by 176 Company-owned Branches in the United States and Canada, and dealers everywhere.

INTERNATIONAL HARVESTER COMPANY

606 So. Michigan Ave.

OF AMERICA
(INCORPORATED)

Chicago, Illinois

INTERNATIONAL TRUCKS

When writing an INTERNATIONAL TRUCK dealer please mention Nation's Business



YOU CAN'T AFFORD THIS VALVE . .

....unless cheaper valves are too expensive. We don't want to sell Hancock Valves for every service....they cost too much initially. They are the highest-priced valves made.

But we do want to sell them wherever ordinary valves won't stand the gaff....wherever ordinary valves have to be repaired or replaced every little while. For situations like that we want to offer....regardless of the conditions of service....valves warranted to last 50% to 500% longer....thereby cutting plant maintenance costs to a fraction of their present high figure.

Ask your production man what valve maintenance costs you in your plant now....and how valves with longer lives would affect operating costs. Meanwhile, send for our new booklet "Investments for Immediate Profits". It is a story of the hidden costs of manufacturing. No obligation, naturally.

Consolidated Ashcroft Hancock Co., Inc.

Nichols Street, Bridgeport, Conn.
Subsidiary of Manning, Maxwell & Moore, Inc.



**CONSOLIDATED
ASHCROFT
HANCOCK**

Hancock
VALVES

American Glass Thermometers
American Dial Thermometers
American Recording Thermometers
American Temperature Controllers
American Recording Gauges

American Draft Gauges
American Gauge Testers
American Tachometers
Ashcroft Power Control Valves
Ashcroft American Gauges

Consol. American Safety Valves
Consol. American Relief Valves
Hancock Globe & Check Valves
Hancock Inspirators
Metropolitan Injectors

When writing to CONSOLIDATED ASHCROFT HANCOCK Co., Inc. please mention Nation's Business

Organized Business Talks Things Over

HALF of the total work of the world is done in the United States, according to Dr. Thomas Thornton Read, professor of mining at Columbia University. He makes that estimate after a study of the relative output of work of the fifteen leading countries of the world. In this study he calculated and checked the relative amounts of actual horsepower generated by men from the food they eat, and by machines from coal and petroleum and from water power. His inquiry revealed the significant fact that the work done in fourteen foreign countries barely equalled the work done in the United States.

The comparative amount of work done per person in the various countries, according to Dr. Read's study, is as follows: China, 1; British India, 1¼; Russia, 2½; Italy, 2¾; Japan, 3½; Poland, 6; Holland, 7; France, 8¼; Australia, 8½; Czechoslovakia, 9½; Germany, 12; Belgium, 16; Great Britain, 18; Canada, 20, and the United States, 30.

Our invisible servants

"EVERY person in the United States", asserts Dr. Read, "has thirty-five invisible slaves working for him, and the most significant thing is that these thirty-five slaves do not consume anything so that all the produce is available for the 'boss.' The American workman is not a wage slave, but a boss of considerable force, whether he realizes it or not.

"The result of this is that, although the average wage is high, the average cost of work in this country is low. The American worker can buy an automobile and a radio because out of the value of the product of his work he earns enough to enable him to buy these conveniences.

"Their relative yearly output of work," he adds "seems a sufficient explanation why persons in the United States have so much more in the way of comfort and convenience than those in any other part of the world, on the average. The per capita output of work in this country is so much larger than the output of work in any other country that the consequent divisible wealth per capita is very much greater."

—R. C. W.

Choose motors



as you'd hire
men



ENGINEER, sales executive, factory manager or foreman—you hire them for their *fitness* for the work to be done.

Electric appliance motors should be selected on this same basis; they must meet *exactly* the requirements of the specific job . . . as regards type, design, power, mechanical and electrical characteristics. A "stock" or standard motor, like a jack-of-all-trades, is master of none.

The Domestic Electric Company, believing earnestly in this principle, has devoted its experience not only to the development of special fractional horsepower motors for a wide variety of uses, but to a study of appliances and appliance markets. Every Domestic motor is designed and built to meet the actual conditions under which it must operate.

Domestic literally works as a department of the businesses it serves . . . at all times. This organization has also extended its service to include the design and manufacture of certain classes of appliances, where such an arrangement is advantageous to its customers.

Appliance manufacturers who are interested in the development of new appliances in the small motor field, or who are seeking higher efficiency and greater economy in present applications, are invited to inspect personally our factories and facilities.

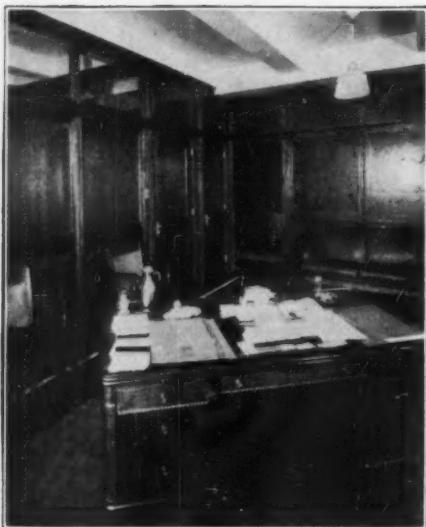
THE DOMESTIC ELECTRIC COMPANY
7209-25 St. Clair Ave. Cleveland, Ohio

Domestic
FRACTIONAL HORSEPOWER
Electric Motors

SMALL MOTOR MANUFACTURE • • APPLIANCE ADVISORY ENGINEERING

When writing to THE DOMESTIC ELECTRIC COMPANY please mention Nation's Business

there's Greater Charm in Wood



Wood is king . . . of good looks and good value. Walnut, Mahogany, Oak, Birch, Gum . . . so on and et cetera. They all make handsome office walls and add charm to every interior.

Wood withstands abuse . . . improves with age. When expressed in Circle A Partitions, wood serves a double purpose. It builds an office today that can be taken apart tonight . . . and rebuilt to new requirements tomorrow.

Doorways are changed. Two offices are made of one. The secretary has privacy at little cost. It is done quietly, with unbelievable speed. Send today for data on these versatile and eye-pleasing office walls.

CIRCLE A PRODUCTS CORPORATION
658 South 25th Street, Newcastle, Indiana
New York Office: Farmers Loan and Trust Bldg.,
475 Fifth Avenue, New York, N. Y.



When writing please mention Nation's Business

Putting Workers' Ideas to Work

(Continued from page 34)

parts over to representatives of the workers, who in turn take them to the men responsible and point out the effects of poor workmanship. Laborers themselves have been known to bring into joint conferences collections of defective pieces gathered from all over the plant.

Some department superintendents discuss with representatives of employees complaints and compliments received from customers. It is in this field of constructive cooperation that the greatest future progress of joint dealing between workers and management is to be expected.

Uncovering hidden leadership

A VERY able factory manager once was told that his company probably would adopt a representation plan. His reaction, as he afterward explained it, was something like this:

"For years I have been combing this plant for men with enough ability to be promoted to assistant foremen, and have never been able to find as many as I wanted.

"How can anyone suppose that from the material that is left the employees themselves can elect representatives who will be of any material help in running the business?"

Sounds reasonable, doesn't it? But this manager was wrong. His mistake has been demonstrated in the experience of some hundreds of companies that are finding profitable use for the brains of ordinary wage earners.

There is no single formula for uncovering that intangible quality which is called leadership, and in a surprisingly large number of cases totally unsuspected capacities for leadership are revealed when workers are elected to represent their fellows.

Many a man who is now in an executive or a supervisory position was passed over, his talents unrecognized, until conference and contact brought him to the notice of his superiors. In the discovery of executive ability alone American industry has drawn considerable returns from its investment in cooperation.

There are other men who will never be executives—who will never even be subforemen. Through deficiencies of education or experience or ambition they are destined to remain in the ranks.

Some of these men, however, have qualities of leadership—qualities no less valuable because they are not of immediate utility in the industrial line organization.

Leaders found among workers

TO MEN of this type employee representation has afforded an opportunity and an outlet. Now and again we find one of them exerting an influence on employer-employee relationship that is second only to that exerted by the manager.

In one large factory one of the elected representatives is a veteran laborer who never had the ambition or the opportunity to qualify for promotion. He still works at the bench. But he is recognized as a leader among his fellow workers and the value of his influence upon both the employees and the management is incalculable.

In another establishment an outstanding leader among the employee representatives is a woman of middle age and of no discovered talent for supervision, whose relations with the working force make her almost an unofficial personnel director in the department in which she is employed.

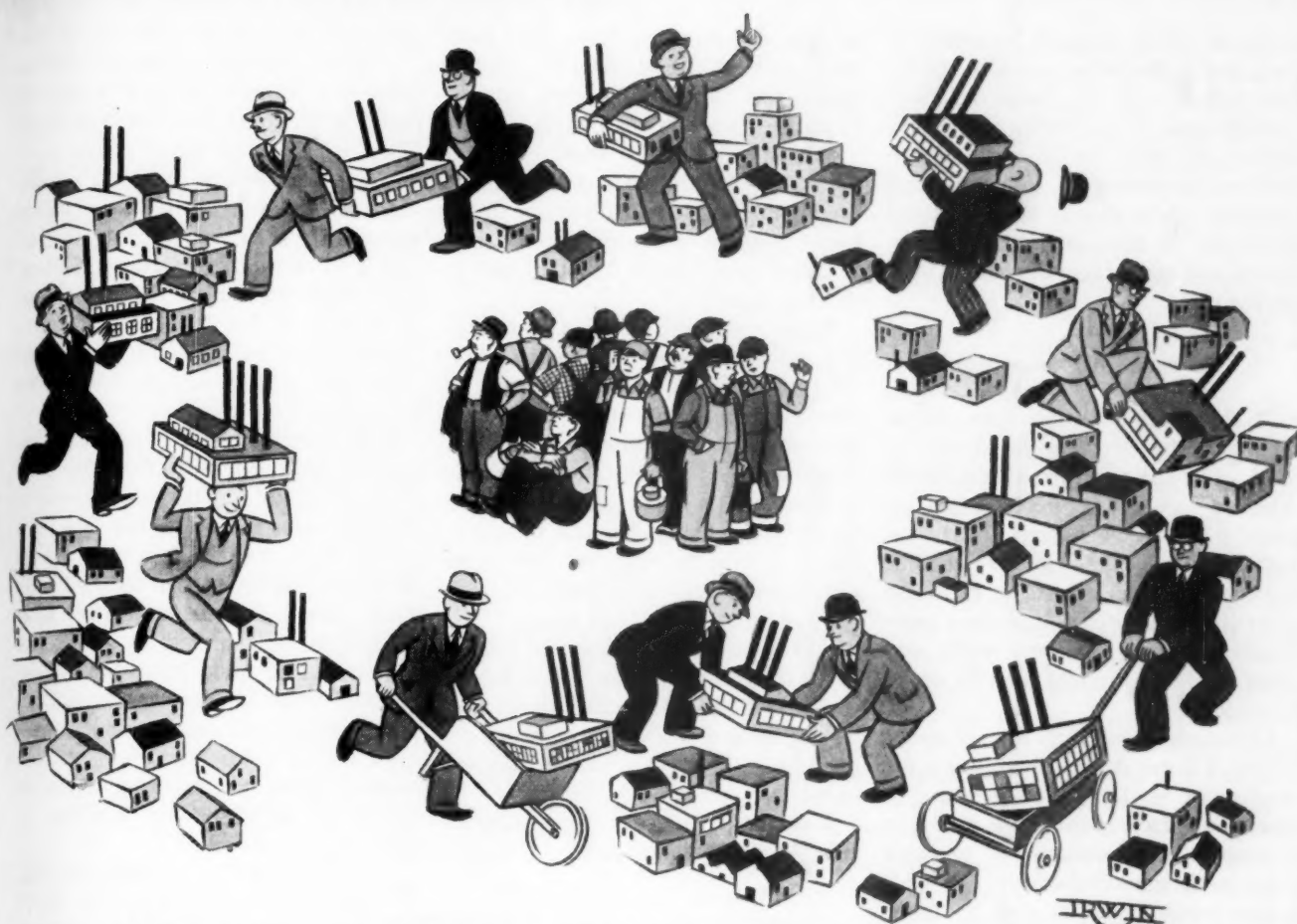
In yet another plant an elected worker has responsibility for most of the contact between the officials and the wage earners and is consulted by the manager on the most delicate questions of industrial relations.

An aid to industrial progress

IN helping to develop and reveal qualities of leadership, cooperation between management and employees is making some of its most valuable contributions to the advance of American industry.

The purpose here is not to discuss the underlying philosophy of representative government in industry or to dwell on its admittedly important functions in settling disputes and furthering shop justice. The intention has been rather to present some of its constructive results.

To a considerable extent these results have been in the nature of by-products, not always planned or foreseen by the employers who first experimented with representation. But this is not the first time by-products have been found to have value comparable with that of the main manufacture.



Moving industries because somebody lured them with free taxes is to commit mayhem on those industries

Industries Are Not Chessmen

By PAUL V. BUNN

Vice President and General Manager, Remington Cash Register Company

CARTOONS BY J. D. IRWIN

FASHIONS come and go, whether in dress, bobbed hair, or chamber of commerce work.

We ride one wave, and when it passes, we ride the next one to come along.

The latest municipal fad, started a few years since, is the formation of "Industrial Clubs" in various cities, their purpose being to bring new pay rolls to a city—new industries.

With certain restrictions the scheme is a good one, but it needs a governor, without which the engine runs wild.

The prime function of the industrial department of the usual chamber of

NATURALLY your town wants industries; every town does and many towns are trying to get new ones all the time. Frequently these new industries fail, bringing hardship instead of new payrolls. When they fail is it your town's fault?

commerce is to bring new industries to that city; frequently these departments do not function rapidly enough to please certain men who want "get-rich-quick" pay rolls in a hurry, so they start a special organization for that sole purpose, and call it the Industrial Club.

Such clubs are springing up so rapidly, and competition among them is becoming so fierce, that a serious situation may result. Every city, it seems, must have one now, to keep in fashion, and the money subscribed to finance their work runs from \$100,000 to \$2,000,000 each.

For nine years I was secretary of the St. Louis Chamber of Commerce. Having been out of that work three years now, I can view such questions, I hope, from a semidetached viewpoint. Here is the way it looks to me:

The business of bringing industries to

a city is a fine thing, if judgment be used, and if the actual needs of the industry that is to be moved be given consideration. To industries which have decided to move, or to open branch factories, chambers of commerce and industrial clubs should always extend invitations for the investigation of conditions and advantages offered by their specific cities.

Use care and discretion

BUT to inveigle industries into moving when they haven't thought of such a thing, or to lure them from neighboring cities by specious arguments often regardless of the real interests of the industries themselves, is to commit mayhem on those industries. It is bad advertising for the city. It seems a questionable practice and one which has about reached, or ought soon to reach, its peak.

All chambers and clubs are not guilty of this. I know it has always been the practice in St. Louis, for instance, to examine the facts in each case, and even to advise some industries not to move there, on the ground that conditions would be better elsewhere.

I remember one factory owner who came to us and said his plant in Georgia was losing money. He wanted to move the whole outfit to St. Louis, and asked us to help him work out the plan. His raw product was iron. When I asked him where his large market was, he said that it was along the Atlantic seaboard from Virginia to Florida, and that about 75 per cent of his sales were in that territory.

When I asked him where he got his raw product, he said Birmingham. That man was located squarely between his raw product and his consumers' market—and yet he was thinking of distorting that straight line and moving his factory to St. Louis, several hundred miles away.

I asked him if he had planned to get a new source of supply, and a new market. He had not. The only thing I could tell him was that if he was losing money under existing conditions, he would lose it twice as rapidly if he moved 500 miles out of line, and that he had better stay where he was and find out the *real* source of his trouble.

We suggested several things he should

analyze. He returned home, and later wrote me that he had found his trouble, which was right in his own factory. From then on that man made money.

Had we encouraged that fellow, in the frame of mind he was then in, he would have moved that factory to St. Louis, at a cost of possibly \$50,000, and he might have been in the poorhouse in another year.

When and if chambers of commerce and industrial clubs treat cases specifically, in that way, and are as quick to advise a man to stay where he is or to go elsewhere, as to come to their towns, provided the circumstances indicate such action, they will do fine work. If, on the other hand, they are willing to advise a man to move to their town regardless of such vital facts, they can easily do more harm than good.

When you have an idea, and wonder if it is the *correct* idea for you to follow, it is a good plan to imagine this idea being universalized—imagine everyone doing the same thing that you are planning to do, then see how you like it!

If it isn't all right for everyone, probably it isn't right for you.



Even if her husband lives on her thrift, her contract isn't good unless he signs it

Suppose we take a small portion of the map, including Detroit, Chicago, Indianapolis, Dayton, Louisville, Cincinnati, Columbus, Cleveland, Buffalo and Pittsburgh. I mention these ten cities as typical—they have no direct application to the thought I am discussing. Now suppose an industrial club be established in each of these cities, with a million dollar fund at the disposal of

each club. That's a total of \$10,000,000.

Now they set their traps and wires to bring in industries. Where will they get them? Why, from the other nine cities. They are the most likely places.

Next, let's assume them all equally successful, like Mark Twain's village where all the citizens tried to live by taking in each other's washing. Detroit grabs industries from the other nine cities until it has 50; Cincinnati gets several from each of the other nine cities, including Detroit, until it has 50; and so on down the line.

Finally each city will have 50 new industries, all taken from the other nine cities. The total number of industries is just the same as before, but 500 have moved from one city to another, at an estimated average cost of \$50,000 each. Thus, these industries have spent \$25,000,000 in moving, and the backers of the industrial clubs have spent \$10,000,000; total \$35,000,000. No city has any more pay rolls than before, but perhaps 100 of those industries go broke because of the expense of moving, their failure to establish new markets, or other natural reasons.

Who has gained anything? Well, the railroads gained a lot by transporting all that stuff. Maybe a few real estate men and building contractors made some fat deals. But in the end, the only result is loss and destruction. Meantime a few chambers of commerce have been badly dented, if not broken, and maybe a few secretaries have lost their jobs.

Help local industries

IF one-half of that \$35,000,000 had been invested in helping deserving industries, already in the cities, improve their business and their methods, it would have brought about the desired increase in pay roll money and would not have hurt anybody.

These embattled industrial clubs seem to me to represent their backers' confessions that they have not solved their own problems. I believe that the most excitable clubs are in cities where local industries, on the average, are not in the most flourishing condition.

The need for new pay rolls to keep life in the old ones is more apparent in such cities, but you'll rarely find that the club backers have done anything to help the workman with \$2,000 to acquire a home for his family, at reason-

able rates, in ten years. That's usually left to the private dealer, and he handles the case in such a way that, by the time all the interest, fees, commissions, and extras are paid, the workman's \$5,000 house has cost him \$1,000 more than it should.

Industries that are worried over failure to make any or enough profit, and which have not diagnosed their own troubles sufficiently to know their real cause should not too hastily succumb to invitations to "move to our city—we will give you the land and freedom from taxes for five years."

Of what avail are free land or cancelled taxes if there is not sufficient water, or labor, or transportation, or if any of half dozen other essentials are lacking?

If an industry is in trouble, the cause may be right at home in the methods of conducting the business, unnecessary expense, too much rent, too many high salaries, too many leaks.

Moving to another city at the behest of a man or a club that merely wants a whack at the pay roll will not cure these evils. It may only add to them the turmoil and expense of moving, and, having moved, the industry may find too late that the analysis of advantages presented by the enthusiastic industrial club was superficial and incomplete, and that certain vital facts had not been learned in advance.

They failed to investigate

I HAVE just heard of a typical case. A big company, whose raw product comes from the Orient, was induced to put up an enormous factory at a small seaport on the Pacific Coast, the main argument being "ships can bring your product directly to your factory." When the company started building, two of its competitors followed suit. After investing millions, they found that the ships could not afford to bring their product "direct" to the seaport because they could get no return cargoes.

So the best they could do was to continue receiving the product at New York, and today they are shipping it by freight from New York, clear across the country, instead of one-third the way across, as previously. A proper analysis would have discovered this in advance.

There are other factors which should be carefully analyzed by experts before a factory decides to move or to open a branch. Important among these are the laws and ordinances of the state and city under consideration.

The laws under which the factory is working may be satisfactory, or at least

the business has adjusted itself to them. But many an industry has moved to another state, and to its doom with little or no consideration of the laws it would encounter.

The countless laws of our 48 states vary all the way from zero to boiling point on such things as workmen's compensation, inheritance and other taxes, and several dozen other things, and any or all of them are liable to change by the next legislature or board of aldermen.

Laws may hurt the business

THERE are many laws which in themselves would keep any intelligent industry from moving to a state, if the existence of such laws were known in advance. It's the *business* of the business to learn in advance just what it is letting itself in for, in case it moves. A correspondence on this subject between your attorney and the attorney of two or three factories that have been in business in the state to which you plan to move, would bring the worst of them to your notice.

I have just been reading a magazine article telling how cities or states or sections are spending \$100,000 or \$1,000,000 or \$5,000,000 to advertise themselves industrially, the purpose being to bring in industries.

Now I suggest that any state or community that has a big sum to spend for advertising, first take a goodly portion of that sum to educate its own public and its own legislators on the shortsightedness of passing laws that are more or less deadly to industry, or of allowing such laws to remain in force. I have known of threats by good industries to leave a state because of such laws, while other citizens of the state were spending huge sums advertising for new and unwary industries of other states to come there!

In one of our greatest states—which in ten years has lost many an industry through natural causes—a concerted attempt is being made right now to *increase industrial freight* rates 30 per cent to 40 per cent, the hinted object being to *lower* freights for the "poor farmer."

I have before me now the principal paper from another state, issued two days ago. A big headline on the first page reads "Bill to Raise State Revenues \$4,175,000 is Engrossed—Increases State Tax Levy from 5 to 8 cents—State Income Tax 11 per cent and Corporation Franchise Tax 75 cents on each \$1,000—\$551,999 increase in This City on Realty—This City would pay about half of increase for entire State."

In the same issue the editor bitterly opposes such taxation, claims that it is unnecessary, that the present need for more revenue is temporary, but that the increase in taxes if made, will continue for many years.

Now, if that increase be made, enough industries will leave the state in three years to cause a loss twice as great as the proposed revenue increase. It may be that today you are planning to move to the state!

But will the industrial club warn new industries about this proposed increase in taxes? Not so you could notice it!

The federal income tax applies alike to citizens and industries in all states. But each state has either a high or a low state income tax—or none at all. What a pity these fundamental laws can't all be standardized, regardless of so-called "States Rights."

Several years ago Florida removed both the income and inheritance taxes, thus inviting people of more or less wealth to make Florida their home. It worked, and but for the breaking of the boom in real estate—some more advertising wildly overdone—and for two disastrous hurricanes, Florida's net gain from canceling those two tax items would by now have been enormous. As it is, they have helped a lot to offset the two disasters.

Instalment sales in many forms

MANY factories make products of which 50 per cent to 90 per cent is sold on the instalment plan. In that event they have to have some sort of a contract to protect their equity. They think they own the property until all instalments are paid. The product may be a piano, a coffee mill, a washing machine, a meat slicer, a mechanical refrigerator.

They get up an expensive form of conditional sales agreement, a bailment lease, or chattel mortgage, a different form for each state; they get it signed, accept one-fourth down, and promissory notes for the balance. All safe? Yes, in some states, but, in six or eight others, not so safe, and in two that I have in mind just now, not safe at all!

In one of these states, suppose the customer is a woman. She runs a business, apparently owns it. But if she has a nice little husband lying around, living on her thrift, the contract is worthless unless he signs it.

Then there is the landlord's Distress of Rent Law, which in these two states is working beautifully! I note that both of these states are spending millions to invite industries to move there.

That law runs back to the old English



A QUAIN Old-fashioned IDEA

HERE AT Robbins & Myers we have always contended that an "ounce" of forethought in the building of a motor is worth a "pound" of servicing later on. That is why we design our own special tools to build into each new job the peculiar differences it requires. That is why we dynamically balance our high speed armatures to a nicety far beyond ordinary standards of precision. That is why we wind motors in hundreds of unique and intricate ways and change the insulation to meet the climatic conditions of all countries. There are many such special things that are never figured in an R & M estimate or invoice—things that explain why R & M units are said to run forever on an occasional drop of oil. This old-fashioned thoroughness frequently means less immediate profit, but in the long run it pays good dividends because contented customers keep coming back year after year for "more of the same."

If you have a problem in electrical-motored machinery, come to Robbins & Myers. We offer you the facilities of a completely modern plant, and the experience of 32 years' precision manufacture in designing, building and applying electric motors, generators, fans, and electrical appliances

Robbins & Myers, Inc.

Springfield, Ohio

Brantford, Ontario

1878



1930

MOTORS, FANS, HAND AND ELECTRIC HOISTS AND CRANES

Common Law, and was intended to keep a tenant from defrauding the landlord of his rent. As operated today, if a factory, in good faith, sells its product to a dealer, gets one-fourth down, and thinks it still has an ownership in the remainder—why it doesn't!

For suppose that dealer owes his landlord \$10, or \$200 in rent, or his banker \$100 on a note, Mr. Landlord or Mr. Banker sends a deputy sheriff around and takes every article on the premises, including the factory's machine, and sells it for enough to give the landlord his rent. He could even take a visitor's overcoat if he found it hanging on the coat rack.

In one city of 400,000 in one of those states, one concern lost 21 machines worth \$150 each in one month. Figure up the possible total yearly loss for all companies in that whole state of eight million people.

Two other states have recently passed laws taxing gross annual sales, regardless of whether one penny of profit be made from such sales in the year.

Investigate before you move

YOU can't afford to move anywhere until you know not only that you must move and that your present location is your *real* trouble, but you must have the most expert analysis possible of the various locations that are under consideration.

Before you leap—look, inspect, analyze, get *facts* and then *more facts*. And then don't be too ready to accept them as facts.

To industrial clubs I would say:

It is foolish to sell anything to your customer unless it will be to your customer's lasting advantage. If he buys your proposition, and loses money on it, your club and your city will lose not only your customer, but the "bad advertising" will dent your industrial reputation. Diagnose the case as a good physician would, basing it on the *permanent good to the patient*. And—spend a goodly part of your fund in helping cancel laws that hamstring legitimate industry.

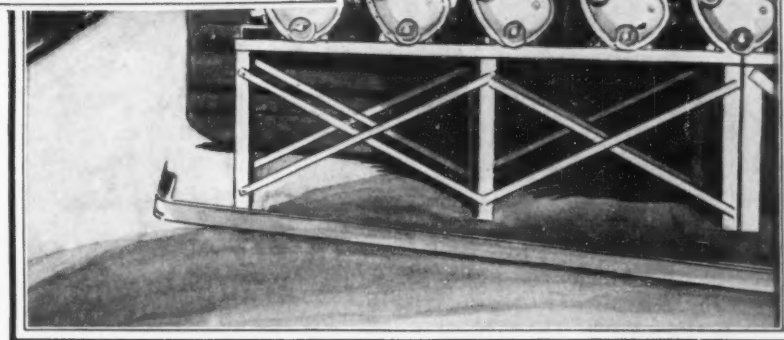
Let us work for and solidly support the sane, well organized chamber of commerce; make it big enough to have a big man as its active head to guide his city into channels of greatest service; to the end that his city may do its part in serving a world that is rapidly awakening to the possibilities of its own buying power. Neighboring cities should see this vision, and form themselves into clubs to hasten its development. They should not merely strive to steal industries from each other!

USE ALL THE SPACE YOU HAVE

THIS FOR HANDLING



THIS FOR PRODUCTION



WHEN production is cramped for space because aisles must remain wide enough for two lumbering loads to pass . . . when building an addition seems unavoidable . . . look to your ceilings *first*. There you will "discover" plenty of space . . . without building it; possibly, without even revising your plant layout.

Louden Monorail Handling permits all aisles to be narrowed . . . some to be eliminated . . . with traffic speeded at the same time. The slow work . . . heavy lifting . . . is done quickly by the Louden System. Heavier loads are moved faster by fewer men with Louden easy rolling carriers on a smooth track. *Every* cost connected with handling is reduced . . . so savings of 20% to 1000% on the Louden investment are always obtained.

Louden Monorail Handling is adaptable to every plant . . . to every handling need. Three track sizes permit economical adaptation to load requirements from 5 to 5000 pounds. Up inclines, around corners, through narrow doors, Louden Monorail goes anywhere . . . carries materials, parts or finished products . . . by the load or as a continuous stream. Either hoisting or travel or both, can be manual or electric as desired. When needed, special hooks, racks, etc., are designed by Louden Engineers so that

even the most fragile objects and unwieldy loads are safely and easily handled.

Once planned, the Louden Monorail System can be installed by inexperienced ordinary labor. In choosing a more economical handling system . . . one that makes best use of your present space . . . one that is adaptable to future growth and needs, ask Louden Engineers to help. They will go to the bottom of your handling problem—without obligation to you—rendering seasoned and honest counsel.

THE LOUDEN MACHINERY CO.

Established 1867
600 West Avenue Fairfield, Iowa
Offices in Principal Cities

LOUDEN

Industrial Monorail Systems

Industry Uses More Miles of Louden

Louden . . . the first monorail . . . has held the lead. Louden users include: Ceramic plants, automotive plants, foundries, textile mills, paper mills, warehouses, department stores, and manufacturers of practically every class of products.

Write for "Economical Material Handling"

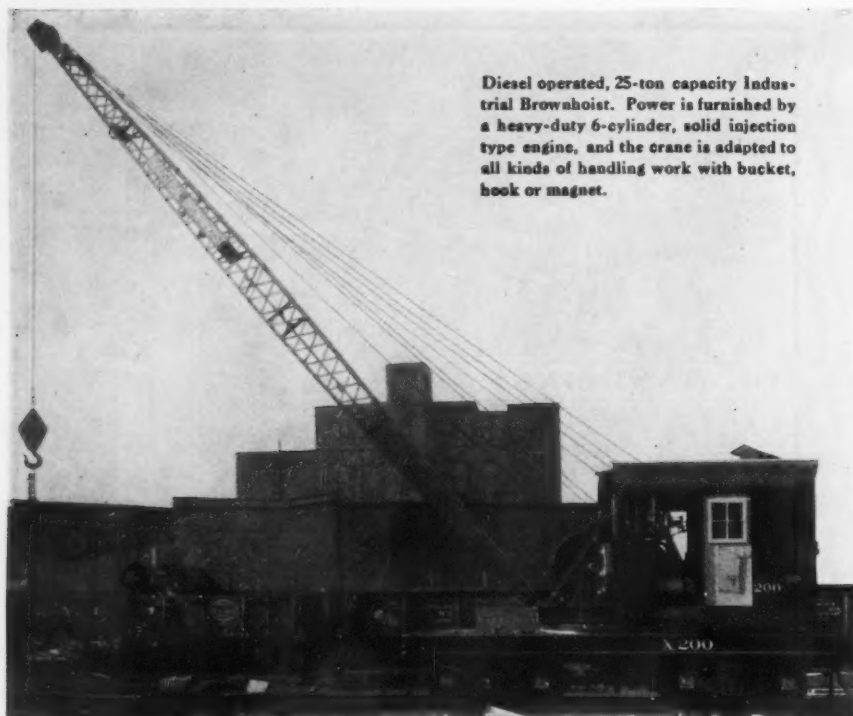
"Economical Material Handling" is a treatise on plant traffic problems. It discusses the advantages and disadvantages of all handling methods . . . points out the best ways to save manpower and time by the correct choice of carrying equipment.



USE THE OTHER HALF OF YOUR FACTORY

(A-1700)

When writing THE LOUDEN MACHINERY CO. please mention Nation's Business



Diesel operated, 25-ton capacity Industrial Brownhoist. Power is furnished by a heavy-duty 6-cylinder, solid injection type engine, and the crane is adapted to all kinds of handling work with bucket, hook or magnet.

Efficient Handling Pays Sure Dividends

Have you ever heard of anyone who, after installing an up-to-date material handling system, complained about the return he was making on his investment? Probably not, because if there is one subject that production men agree on, it is that good material handling methods pay.

A locomotive or crawler crane of a suitable size and type is the most versatile handling unit you can buy. Fast, dependable workers in all kinds of materials, these machines will quickly travel wherever you need them and will show a substantial saving on a score or more of different handling operations in the course of a day's work.

Industrial Brownhoist locomotive cranes have always been built up to a standard that will insure their owners consistent profits on their investment. That is why there are thousands more of them in service than any other make and why Industrial Brownhoist can build a crane for every handling need from 6 to 200 tons capacity. Our factory trained representatives can give you valuable information on the type of equipment best suited to your handling work.

Industrial Brownhoist Corporation, General Offices, Cleveland, Ohio

District Offices: New York, Philadelphia, Pittsburgh, Detroit, Chicago, San Francisco, New Orleans

Plants: Brownhoist Division, Cleveland, Ohio; Industrial Division, Bay City, Michigan; Elyria Foundry Division, Elyria, Ohio

INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

Why I Turned That Salesman Down

(Continued from page 46)

think he never read the news? He did. And the battling salesmen found the buyer prepared. The resulting losses through turned-down salesmen is the problem that you and other sales executives have to face."

"Whew," said the vice president. "That's pretty strong. Well, I asked for it. Now I'm asking for more. What can I do about it?"

Don't sell by fighting

"YOU don't have to do much. Just realize how ridiculous it is to create a picture of battles between salesmen and buyers."

The efficient practice of their professions demands that they be collaborators, not opponents.

"Why not teach your salesmen that the buyer is really a trustee of somebody's money—his own or his employer's—and that it is his job to see that he gets full value for every cent he spends.

"Since the salesman's function is to serve, it's his job to help the buyer get that value.

"Teach them that salesmanship is an art and make it plain that there's no place in that art for offensive personalities, aggressive persistence, domineering or patronizing sales talks. Let them approach buyers in the spirit that they and the company want to help solve that buyer's problems.

Salesman should give service

"THEN it's your responsibility to help the salesmen develop mentally so that they can give the service they should. Keep them informed about developments and progress in business. Don't leave them in the field alone too long; bring them in for a break in routine and to get new ideas.

"Find out how well they understand what it means to serve and be sure they are kept in a position to take something of definite interest to buyers every time they call.

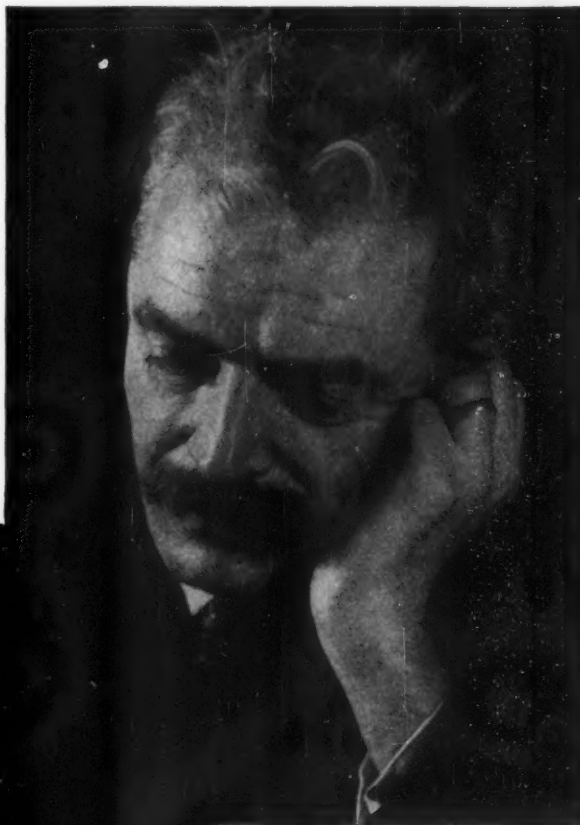
"Sorry. I've been making a speech."

"Good speech, too," said the vice president.

"Did you ever tell any of those things to the sales force of your own organization here?"

"Let's go to lunch," said the purchasing agent.

...but
How
good



THE MEN who design Worthington equipment recognize a basic principle . . . that building a product down to a price is not economy, either for the customer or for Worthington. They will not . . . by training they cannot . . . prostitute their knowledge and experience to the creation of anything unworthy of Worthington ideals and traditions.

What they design must not only work well; it must work with the highest attainable

efficiency and it must continue to do so year after year . . . for therein lies the only true economy.

Not how cheap but how good; not how many corners be cut, but how many performance be improved . . . these are Worthington watchwords.

The reply is sounded by Industry everywhere, in its continued reliance on the integrity of Worthington products.

WORTHINGTON



PUMPS
COMPRESSORS
Stationary and Portable
CONDENSERS
and Auxiliaries
DIESEL ENGINES
GAS ENGINES
FEEDWATER HEATERS
WATER, OIL and
GASOLINE METERS

Literature on Request

WORTHINGTON PUMP AND MACHINERY CORPORATION

Works: Harrison, N. J. Cincinnati, Ohio Buffalo, N. Y. Holyoke, Mass.
Executive Offices: 2 Park Avenue, New York, N. Y.
GENERAL OFFICES: HARRISON, N. J.

District Sales Offices:
ATLANTA CHICAGO DALLAS EL PASO LOS ANGELES PHILADELPHIA ST. PAUL SEATTLE
BOSTON CINCINNATI DENVER HOUSTON NEW ORLEANS PITTSBURGH SALT LAKE CITY TULSA
BUFFALO CLEVELAND DETROIT KANSAS CITY NEW YORK ST. LOUIS SAN FRANCISCO WASHINGTON
Branch Offices or Representatives in Principal Cities of all Foreign Countries

WORTHINGTON

When writing to WORTHINGTON PUMP AND MACHINERY CORPORATION please mention Nation's Business

Four Million and a Slogan

By MILTON L. SAMSON

Editor, "The Furniture Journal"

WITH four million dollars for a four-year national advertising campaign, the furniture industry is on the threshold of its greatest day. This four-year advertising campaign, recently begun, is the greatest organized step of advancement the industry has made.

The four million dollars were raised within the furniture trade for the campaign, and the chances are that the total will grow to six or possibly eight million before the campaign is well under way. And there is now a furniture slogan—for all good campaigns seem to have slogans. As a slogan, it expresses quite well the idea that the furniture association is trying to put across to the American people. It is "First furnish your home—it tells what you are."

Salesmanship is found faulty

DURING the last few years, the furniture industry has been in the doldrums. The retail market has slackened and some feared that it would disappear. The industry analyzed itself and decided that the reason it was getting such a small portion of the retail dollar was that furniture men were not good salesmen—at least not as good as the other fellows—the automobile salesmen, or the amusement salesmen.

For one thing its advertising was out of date. Perhaps no other single class of advertising has shown so little gain in the technique of presentation as retail furniture advertising. For years the furniture dealer in small town and big city alike has had only one story to tell the public—the story of price. Nearly all the other industries have outgrown this elementary mistake.

Those in the furniture industry who have tried to break away from "price copy" have done little more than to slip into other ruts. Many have turned to style, quality and similar characteristics of furniture as appeals upon which to sway the public desire. But these characteristics are no more attractive than the dollar sign.

Its advertising has been beating up

blind alleys. No wonder it doesn't pay. No wonder people don't buy more furniture. We have done little in the past to make them *want* more furniture.

We have overlooked the most fundamental principle of presentation technique—that the product advertised should always be subjected to a selling idea which appeals directly to the benefit and satisfaction of the prospective consumer.

Now the industry is going to sell the advantages of better furniture. It is going to tell how important the home is in molding the characters and careers of children—how important it is in determining the associates of young people.

Selling ideas like these will be emphasized in the present campaign—ideas that are summed up in the personal appeal of the slogan—"First furnish your home—it tells what you are."

A certain amount of furniture is necessary to every home. It has not and never will require much selling effort to furnish houses in which people live. Every family must have beds, some chairs and a table or two and perhaps a few other things. These are the strict necessities of meager comfort and living. This is the substance, the essence, of the primary furniture market.

But this is a comparatively small market. There is probably enough furniture in existence today to satisfy this market demand for the next twenty years.

The market of real value

THEN there is another, the marginal, market and this is by far and away the most important.

It is by serving, cultivating and stimulating this market that the furniture industry subsists or prospers from year to year. This is the market for furniture that is in excess of that necessary for living. It is the luxury market—the pride-in-ownership market.

We must believe in our product and then we must make it so alluring that the rest of the world will believe in it also. We must glorify furniture. Our advertising campaign is going to do that.

We are going to teach the furniture dealer to sell our product as the jeweler sells a diamond—as a beautiful thing—as something worth having.

A contest in selling methods

BUT note how the jeweler's method of selling and presentation compares with the methods employed by the average furniture salesman. The latter points carelessly at some piece of furniture and tells you that it is reduced from \$250 to \$169 and that you can have it for only \$5 down and \$2 a week. He insists upon emphasizing the bargain angle—yet he has done nothing to give you the impression that the merchandise is worth five cents.

This type of selling has done more to drag furniture from its pedestal than anything else. The dealer tie-up of the current campaign seeks mainly to correct this and similar selling faults.

The industry through the agencies of its various associations, primarily the National Retail Furniture Association, turned aside to consider its problem seriously. A survey of the industry was made. That survey led directly to the planning and inauguration of the National Home Furnishings Campaign.

The furniture dealers and makers found out that people were not at all interested in furniture unless they actually needed it. They found out that the American public was not "furniture minded."

It became obvious that if they were to survive the crushing competition of the overcrowded consumer market they would have to get busy and sell some ideas. That is exactly what this national advertising campaign proposes to do—in fact, all it proposes to do. The one purpose is to stimulate a felt need for better furniture through direct, vital appeals to the buyer's heart as well as his mind.

The furniture industry expects to win back the rank it deserves among the industries of the nation. Its success will depend almost wholly upon how well its four million dollars sell the idea embodied in its slogan—"First furnish your home—it tells what you are."



The Diesel has arrived!

YOU have heard of the recent *spectacular* performances of Diesel engines. Amazing economy in airplanes—remarkable dependability in marine craft—impressive performance of Diesel locomotives; but do you know of the outstanding savings and dependability of Fairbanks-Morse Diesels in the field of industrial power generation? For 15 years Diesels have been proving their worth in the more commonplace tasks of industry.

Driving machinery direct from the crankshaft or turning electric generators, over 1,750,000 horsepower of Fairbanks-Morse Diesels are cutting power costs as much as 50%. The reason for these economies is basic. The Diesel engine converts into actual energy a much larger percentage of the fuel it burns than does any other form of power producer yet

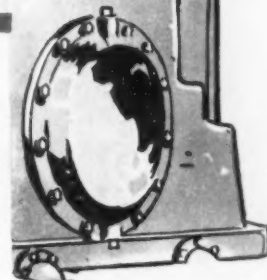
devised. The Diesel burns low grade, cheap fuel oil. So substantial are F-M Diesel savings that it is possible in most cases to arrange a plan of payment whereby the engine actually pays for itself while in service.

As the largest manufacturers of Diesels in the United States, Fairbanks, Morse & Co. has developed a standardized line of engines of extreme simplicity and lowest over-all operating costs. Fairbanks-Morse engineers have the accumulated experience gathered in serving varied power requirements of every industry. These engineers are available for a practical survey of your power requirements with a view toward proving the actual savings in dollars and cents that F-M Diesels can accomplish. Such a survey, of course, does not obligate you. Write for complete information.

Also manufacturers of electric motors, pumps and weighing equipment. A source of unified responsibility for power service.

FAIRBANKS, MORSE & CO., Chicago
Branches in 32 Principal Cities

FAIRBANKS-MORSE DIESEL ENGINES



An 840 horsepower F-M Diesel.
Other sizes and types available
for almost any service.

For those unfamiliar with Diesel engines

A Diesel engine burns low grade, slow burning fuel oil. Unlike other types of internal combustion engines, a Diesel has no ignition mechanism; the fuel is ignited by the heat generated by compression. Fuel is injected into the cylinder at the proper time in the stroke.

A Diesel engine, in contrast to other forms of power, consumes no fuel while standing idle and is more adaptable to partial or light loads.

An interesting booklet describes the economies of Diesel power production in many types of service and describes in detail Diesel operation. A copy will be mailed on receipt of your name and address. Ask for Publication No. 1010.



O.A. 40.29

When writing to FAIRBANKS, MORSE & Co. please mention Nation's Business



Many small town merchants want none of these new-fangled ideas

Blankville Joins the Chamber

By the Chamber of Commerce Secretary

ILLUSTRATIONS BY J. D. IRWIN

BUT madam, this is the Chamber of Commerce. We have nothing to do with the police. We can't arrest anyone, let alone a dog."

"Well, you'd better go out of business right away then."

Just one conversation, an example of many similar ones on various subjects, in which I have patiently and more or less tactfully taken part since becoming the secretary of a small town Chamber of Commerce.

A woman, not a member of the Chamber, had called to complain of a dog that had consistently ruined her garden. She insisted that I come right up and do something about it, even suggesting arrest of some one or something.

The unreasonable attitude taken by many small town citizens has been demonstrated to me on many occasions, both exasperating and humorous.

I was aroused from bed early one Sunday morning by a telephone call from a woman who complained that her furnace had fallen apart. After going into detail as to the construction of the furnace and its condition, she asked where she could find a repair man. Not even a "thank you" was forthcoming when I obtained the desired information.

On another occasion a colored woman called to ask that a telephone be in-

stalled at her home. She was rather indignant upon learning that such work was quite out of our line.

These matters individually are, of course, insignificant, but coming day after day in varied forms and degrees of aggravation, they tend to wear down one's resistance to a point where an air of patience, tact and diplomacy is difficult to maintain.

In other words the job of the small town secretary, although it is less in-

- **BLANKVILLE** is a city of 10,000 inhabitants although the pessimists and knockers will not admit it. You may live there. If you do you are probably mentioned in this human document by the Chamber of Commerce secretary telling of his harassing and interesting experiences

Buying insurance with a quantity discount

CARLOAD purchases earn a better price than small lots necessitating L. C. L. shipments. This same principle is true in insurance. A new thought to you, perhaps, but an idea long covered by the Reduced Rate Clause (Co-Insurance or 80% Clause) which is simply this:

When a man agrees to take out insurance on a high percent of the value of his property, he secures a lower rate per \$100 than if he insures a small percent of the value. In other words, if he owns a \$10,000 property and insures it for \$8,000 or more—if he buys in quantity—he earns a lower rate.

That is one aspect. Here is the other. To justify the lower rates granted, the property must at all times be covered by insurance in an amount at least equal to the percentage of value agreed upon.

There is no penalty involved—no loss of insurance. For where the insured fails to carry his agreed percentage, he still collects in case of loss; but he collects according to the relation between his insurance in force and the amount he agreed to maintain,—or as though he were buying in smaller lots.

The foregoing explanation is amplified in a booklet recently published by this company. Would you like a copy, or several, for distribution in your office? Simply ask our agent for "The Reduced Rate Clause," or write us direct. If you desire, we will gladly send a special company representative to discuss the whole question of this important provision, at your convenience.

Agricultural
Insurance Company.
of Watertown, N.Y.

When writing to AGRICULTURAL INSURANCE COMPANY or its agents please mention Nation's Business



~~~~~  
You can obtain  
Agricultural Policies  
for all coverages such as:  
FIRE • PARCEL POST  
AUTOMOBILE • MARINE  
USE AND OCCUPANCY  
RENT AND LEASEHOLD  
WINDSTORM • FLOATERS  
SPRINKLER LEAKAGE  
REGISTERED MAIL  
TRANSIT • EARTHQUAKE  
TOURISTS' BAGGAGE  
EXPLOSION AND RIOT  
AIRCRAFT DAMAGE  
~~~~~




I was called out of bed one Sunday morning by a woman whose furnace had fallen apart

volved and carries less responsibility than that of the city executive, is far from a bed of roses. An optimist could say no more.

Blankville is a town of 10,000 inhabitants, although many—the pessimists and knockers—will not admit it. It is no doubt identical in size, appearance and problems with thousands of other small towns, but in common with these its problems differ from those of the city.

This is fundamentally due to the peculiar type of mind in the small town. This is not necessarily an adverse criticism. The small town inhabitant is probably as intelligent, as successful and as happy as his big town brother. But his trend of reasoning causes unusual problems, and makes it necessary for the secretary to approach him in a different manner.

Self-satisfied

THERE is the pioneer merchant whose store front, windows and counters are relics of the early days, but whose answer to suggestions is, "I've done business with that front for 30 years and I guess it's good enough for me."

Of course he may be justified in a way. He hasn't the competition or even the expectation of a greatly increased trade. He has made money, is comfortable and satisfied. Show me a merchant in a large city, however, who, even if business seems to be good, does not realize the value of modern equipment.

Many small town merchants can't be bothered with these "new-fangled ideas."

They say, "I don't have to have somebody else tell me how to run my business."

Of course this topic leads inevitably to discussion of the chain store. We have ten chain stores in Blankville and the Chamber of Commerce is blamed for bringing them here.

The disgruntled citizens claim that by advertising the city and its advantages we attract the chain looking for a good location. Anyone

with a slight knowledge of store-chain organization and operation can realize that this charge is ridiculous. Yet it is one of the obstacles I must fight.

Of course the progressive merchants—and the proportion of these is large—are open to suggestion, quick to see the value of new theories, and ardent supporters of the Chamber and its work. These, you will find, are men who have traveled, who read nationally distributed literature, and whose background of education and experience has given them the broader view of the city retailer.

Perhaps the biggest problem, and the one that brings the most grief to my door, is that of industrial development. The cry, "more factories", is heard from all sides.

We can enlarge local plants to twice their former size, and develop local industries so that employment is doubled, but still they cry, "More factories!"

Added to their plea is another absurd claim—that the factory heads and the Chamber of Commerce are banded together to keep out more industries. No amount of reasoning can turn some from their views on this matter. I have written letters, and arranged editorials and articles in the newspaper proving these charges unjust but apparently to no avail.

Rumors help fight chambers

MANY take a passive yet antagonistic attitude, refusing to join the Chamber because we "don't get any more factories." Others are more active in their opposition, often deliberately manufacturing rumors and stories in an attempt to discredit us.

Some time ago a small town not far away succeeded, with the help of one man who donated most of the money, in attracting a new factory. The factory owner did more to get into that particular town because of its location in respect to his main plant than the people did to bring him there. Immediately the rumor spread that this executive had tried to come to Blankville but that the Chamber had kept him out. I obtained a letter from this man completely denying the story, but the rumor persisted.

This obstinacy is amusing at times. I have shown figures to one man proving beyond doubt that employment here

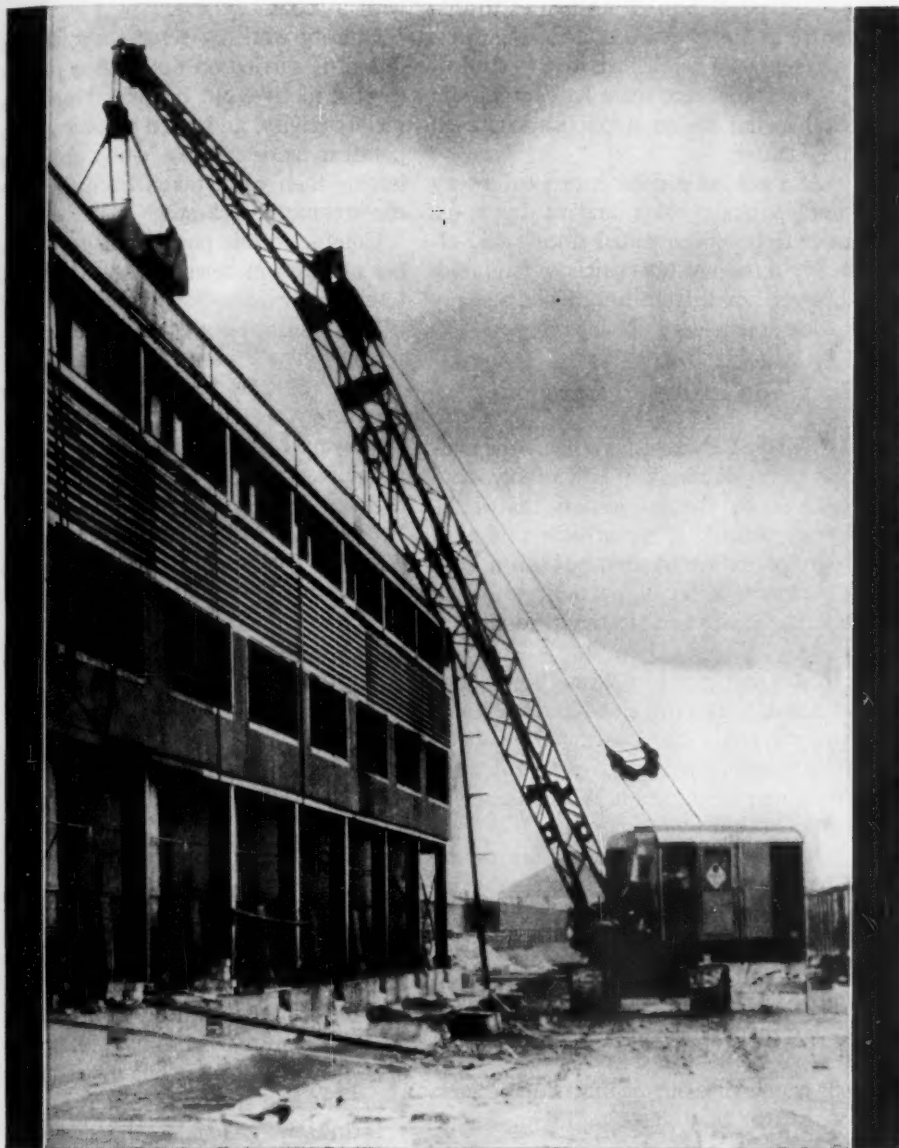
increased by more than 50 per cent in one year. Shortly afterwards he told a friend that employment conditions were worse than they ever had been. He is like those people who "enjoy poor health."

Recently, after considerable negotiation, we made it possible for the city government to arrange with the railroad to install signal lights at several crossings where there had been no protection.

In making arrangements with the city the railroad demanded that gates be replaced with lights at two main crossings. At this time the city received all the credit for



She complained that we took money from the library to buy fireworks for a Fourth of July celebration



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this supposed improvement. But after several accidents and deaths at one of these crossings, the Chamber was blamed for taking away the gates.

We started plans for a Fourth of July celebration, but after finding a decided lack of interest abandoned the idea. At about the same time the city council cut the appropriation for the city library. A club woman then complained that we could spend thousands of dollars for a crazy fireworks display, but took money from the library with which to do it. It hardly seemed necessary, but I did explain to her that we had nothing to do with the library and that she could blame the city council for the appropriation cut.

Speaking of the council brings up the political problem, equaling the industrial question in its capacity to throw the proverbial wrenches in the chamber machinery.

The mayor with a few influential followers recently succeeded in changing the form of government from the city-manager type back to the commission-mayor form.

Politicians oppose the Chamber

IT HAPPENED that the supporters of the Chamber, successful merchants, professional men and manufacturers, were not in sympathy with the aims of the mayor and his party. Since his victory at the polls, a proposal or a project launched by the Chamber has been a cue for active opposition by the city officials.

Being definitely identified with one political group, we were bombarded at every opportunity by the mayor's cohorts as practically the only organized unit in the enemy camp.

Because the manufacturers are strong supporters of the Chamber, the radical laborer—and even an occasional sociological student—often takes a poke at us as oppressors of the working class.

I experienced a most annoying episode in relation to this industrial question. Blankville is the home of a small college, at which was circulated at this time a sort of open forum student publication. In one issue direct reference was made to the Chamber of Commerce and its responsibilities to the working class.

The article intimated that the large number of empty houses indicated a decline in industrial activity, and ended by asking, "What is a chamber of commerce?"

I was fairly certain of the author, a young instructor, who since has been

discharged because of his radical activities. I wrote him citing figures to disprove all his statements and asked that my reply be published in the student paper. I then received a letter from him challenging me to a public debate on the matter.

As I am not a debater or even a very good public speaker and as I felt his offer to be unwarranted since I had already answered his criticism, I refused. I never heard from him again and my article was never published.

Too many organizations

DISCUSSIONS as to "What is the matter with Blankville?" invariably conclude with the suggestion that it is overorganized. This criticism is well founded for we have more than a hundred business, social, patriotic, political, church, civic and fraternal organizations.

But nothing has ever been done about it, and more clubs and bodies of various kinds are continually coming into being. As a result, instead of there being many behind one wheel, there are a few behind many wheels.

Another obstacle in the path of the Chamber's efficient operation is an independent Business and Professional Men's Association. The work of this body is entirely confined to a credit bureau service, a dollar day activity, and a Christmas prize program. The fee paid to this association is well spent, but it cuts into our membership because many feel they can't afford to belong to both.

The activities of both could easily be carried on under one head, and at the same membership fee. In a larger town this situation would not exist but efforts to unite the two groups here have failed because of petty jealousies, misunderstandings and personalities.

Petty jealousies are important

THIS matter of overorganization bears directly upon our efforts to put into operation a community chest system. As is perhaps the case in most towns, the givers of large sums preferred the one organized drive each year, but the less wealthy individuals with suspicions, stubborn prejudices and preferences, as well as many of the smaller institutions seeking funds, objected.

Each group is convinced that its particular field work is the most important. When a certain part of the budget is suggested for it, it complains that in one year it received more than that, and

this year it is certain it can get more with a separate drive.

Charity work by some clubs, I have found, is carried on not with a philanthropic motive, but because it provides social activity, and often a boost up the political ladder. These clubs object to having their work taken from them by the community chest.

Coming to this position after a number of years in newspaper work, I was totally unaware, like many others, of the varied duties of the small town secretary. The words "service," and "boost," seemed to describe the work completely.

Now I find I need a speaking acquaintance with journalism, banking, bookkeeping, general finance, construction, sports, farming, dairying, printing, insurance, manufacturing, aeronautics, art, music, campaign organization, public speaking, theatricals, transportation, internal revenue, law, Americanization and politics.

Specialist in all lines

IN TALKING or negotiating with a specialist in any of these lines, I am often expected to know as much about the subject as he or she, and am frequently criticised because I lack such knowledge.

In a larger city the secretary or manager must have a broad experience, and be able in the chamber work, but he does not require the intimate knowledge of so many things. He has departments, assistants and specialists. I have not.

If this attempt to relate the experiences and uncover the griefs and problems of a small town secretary sounds pessimistic, it is because I have emphasized and enlarged on some points to illustrate the idea.

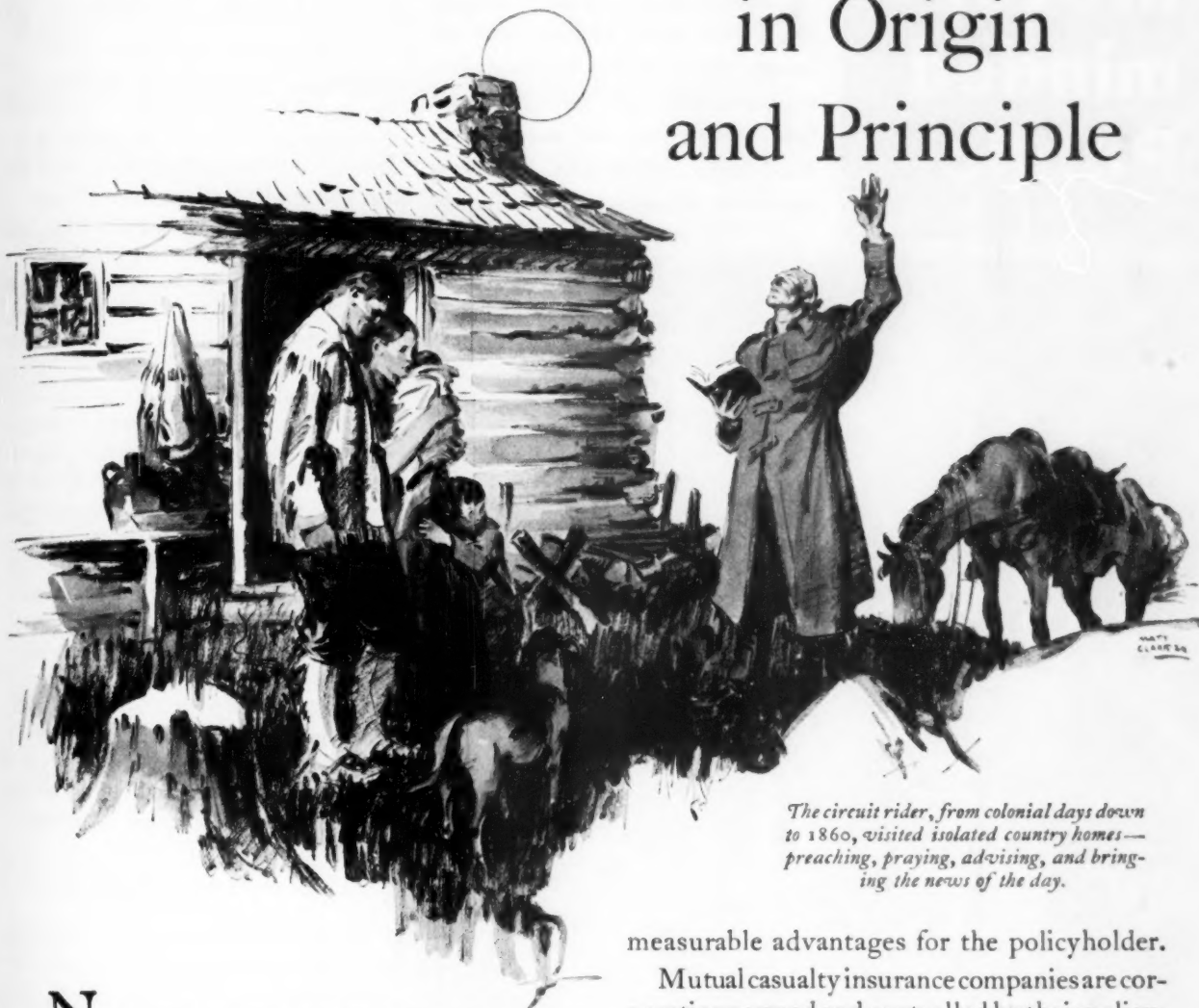
I have purposely neglected to comment on the brighter side, or to tell of the joys and rewards of the position.

Our work has been far from unsuccessful. We maintain a membership of between 200 and 250 at a fee of \$25 a year. Those who do support us are sincerely interested and loyal. It is a pleasure to work with some, and a pleasure to give service, and join in or direct truly worthy civic projects.

If it were not for these peculiar reactions, stubborn problems and vexing situations, the work would become uninteresting. There would in fact be little for which to work.

However, if anyone insists that the small town secretary's job is a bed of roses, I suggest that he consider the hidden thorns among those beautiful roses.

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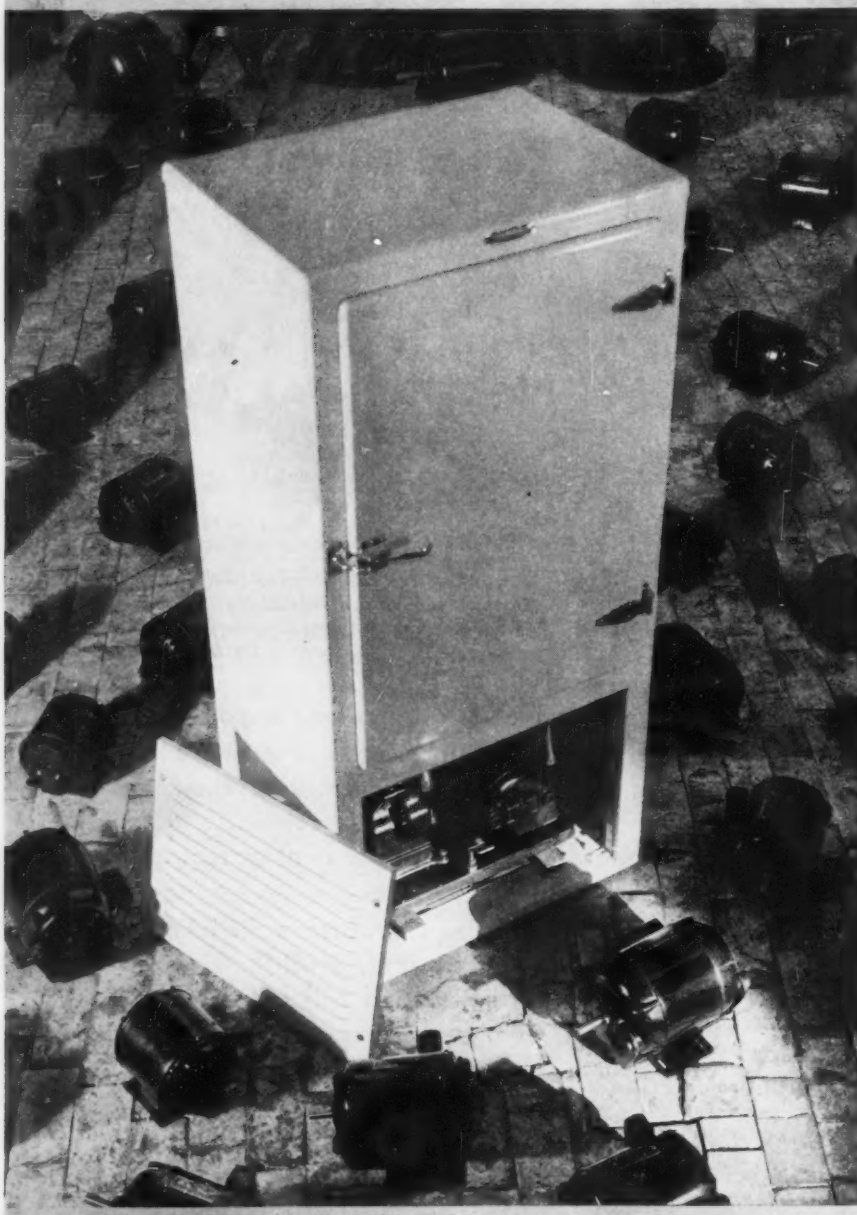
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How the Farm Bill Looks To Me

(Continued from page 24)

utilization I should think we must survey lumber operations. It is estimated that some 50,000 acres of timber lands are cut over every day. Some of these are low-producing agricultural lands.

I suggest that a comprehensive forestry policy might encompass the reforestation of these lands, thus assuring a future lumber supply. Possibly some new uses may be found for some of the submarginal land which is now adding to overproduction, say, by switching to other crops not overproduced or to new crops. Consideration of this question has been limited but I expect the Board to consider it carefully and probably make recommendations to Congress.

Another inquiry received concerns the Board's policy with regard to cooperatives whose primary purpose is retail merchandising. As I have said, the Government will not encourage producers to go into the retail business. It is unbelievable that a farmer should desire or expect to replace all the wholesale jobbers and retailers and eliminate the distribution machinery they have built up.

A dangerous situation

I REALIZE that some business interests are not sympathetic with certain features of the farm-relief legislation, but I also realize that if the conditions of agriculture continue as they have been they would offer dangerous encouragement to radical tendencies, unsound economic policies and new leaderships based on serious discontent.

This legislation may not do all that is hoped for it. Probably it will bring changes distasteful to business men affected. Imperfections probably will be found. But when a group representing nearly one-third of the population of the United States thinks prosperity is not evenly distributed, that it has not been getting a fair deal, that Business has decidedly the larger share of the dollar—then you have a real problem.

In this country a majority of the people, by vote, can disturb property rights, force legislation which they believe will cure existing ills and launch experiments, going far beyond what we now have or the traditional sure-footed policies of our Government.

Therefore, should not business men be willing to give this farm legislation a fair trial?

The president goes the committee one better

"Well, gentlemen, the net of your recommendation is, I take it, that we standardize on one paper for all office forms, bulletins, sales letters and the like—and thereby save several thousand dollars a year. I'm for it—with the additional recommendation that the paper be Hammermill Bond."



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Santa's Beard Hides a Taxpayer

(Continued from page 22)

101 million dollars to improve the Erie Canal, it was predicted that the improved canal would handle 30 million tons of freight annually, and reduce the cost of transportation.

The improvements made actually cost about 230 million dollars and it is handling only about three million tons annually. The average rate of the parallel railways is one cent. But for every ton of freight carried one mile on the Erie Canal the New York taxpayers pay 2.5 cents. Should not the 2.5 cents a ton-mile the taxpayers pay be considered a part of the cost of transportation on the canal?

If what the taxpayers pay should be considered a part of the cost of transportation on the Erie Canal, why should not what they pay be considered a part of the cost of transportation on the Mississippi River?

The Inland Waterways Corporation has found useful one device used on the Panama Canal, that of writing down its investment. General Ashburn told a committee of Congress on March 30, 1928, that the total investment made in the barge line had been from 24 to 25 million dollars. In the corporation's latest report the investment is given as about 17 million dollars. The operating expenses of the barge line (including depreciation) have exceeded its earning in ten out of the eleven years that it has been operated, and in addition the Corporation makes no allowance in its accounts for interest on the investment in its facilities.

Somebody pays the interest!

GENERAL Ashburn explains that the Inland Waterways Corporation has no bonds outstanding and therefore has no interest to pay. But the Government provided the capital invested in it and pays interest on bonds representing every dollar of that investment. As its operating deficit in eleven years has been \$5,600,000, the waterway has, of course, earned no interest.

It is claimed that the Government is operating the barge line to demonstrate the practicability of private operation by carriers on inland waterways, but, as it has regularly called on Santa Claus to pay operating deficits and interest on investment, private capitalists are not trampling each other in efforts to



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get control of it. One of the paternalistic activities in which the Government has engaged has been that of constructing irrigation works to reclaim arid lands. Agricultural experts now condemn its activities in this direction.

Frank P. Willets, formerly secretary of agriculture of Pennsylvania, in a recent article quotes a report to the effect that in "a 26 year period, on an investment of 225 million dollars, the Government has shown a loss of six per cent."

Millard Peck, senior agricultural economist of the United States Department of Agriculture, in another recent article, remarked, "It is often fallaciously said that these reclamation enterprises are so large that private interests will not undertake them. They, therefore, must be undertaken by the state or Federal Government. As a matter of fact, private capital has interested itself in those reclamation projects which seemed to offer satisfactory financial gain. In recent years private capital has avoided irrigation development, not because of the size of such undertakings, but because there seemed no prospect of reasonable financial returns."

Adding injury to waste

MR. PECK analyzes the results of the Government's reclamation activities and concludes that they have contributed to the recent prolonged depression in agriculture because they have stimulated production and thus lowered farm prices. Thus, according to these experts, the Government has not only wasted a great deal of the taxpayers' money, but has injured the industry it set out to subsidize.

Despite the belief of many people to the contrary, the Government cannot engage in any activity without incurring every expense that a private company would incur in the same activity. If it invests in a waterway or railway it must pay interest on that investment. If it operates a postal service or a barge line it incurs every operating expense that a private business incurs. If its reports indicate that it does not, its accounts are not kept correctly and its reports are misleading. If it does not earn enough to pay all the costs incurred, including interest on investment, a deficit is incurred, and the taxpayers pay that deficit.

As a matter of fact, when any government in this country engages in any business, it usually keeps inadequate or incorrect accounts and makes misleading reports. This has two important

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effects. First, it encourages the public belief that almost everything the Government does costs much less than it actually does, and thereby stimulates agitation for the Government to engage in many projects which are so unsound economically that they can only result in waste of the public's capital.

Second, it presents the opportunity and temptation for gross extravagance, and for fixing charges wholly regardless of costs.

Take the Post Office Department. As no man knows anywhere near what the postal service costs, how can anybody know how excessive its costs are, or what it should charge for its services? Its average operating deficit during the seven years ending with 1928 was \$39,310,000. When a much larger deficit was reported for 1929, there was an outcry. Suppose it had been reported in every year of the last ten that the deficit had exceeded 100 million dollars. How loud then would the outcry have been? And yet an annual deficit at least this large probably would have been reported had the Post Office Department been required to keep its accounts as the Interstate Commerce Commission requires the railways to keep theirs.

Take, again, the case of waterways. Whenever the Government improves and maintains waterways without charging for their use, it indirectly, at the taxpayers' expense, subsidizes those who use them. When it operates at a loss a steamship line on the ocean or a barge line on a river it gives shippers a subsidy equal to the loss. When the freight rates charged by water are quoted as the "cost of transportation by water," and compared with those by rail, as they constantly are, these subsidies are ignored.

Subsidies and freight rates

SUPPOSE that the freight rate by rail is one cent a ton-mile, while the freight rate by inland waterway is one-half cent a ton mile and the subsidy by water one-fourth cent a ton-mile. In this instance the total cost by water is only three-fourths of the rate by rail, and perhaps it is economically justifiable for the public to be taxed one-fourth of a cent to save those who pay the freight one-half a cent a ton-mile.

But suppose the rate by rail is one cent, while the rate by water is three-fourths of a cent, and the subsidy by water is one-half cent. The total cost by water is then one-fourth of a cent more than the rail rate. Is the subsidy economically justifiable in this case? Is

it worth while to tax the public one-half a cent to save shippers one-fourth of a cent? It cannot be said there are no such cases, since in the case of the Erie Canal the public actually is taxed 2.5 cents a ton-mile to save shippers one-half a cent a ton-mile.

We are all disposed to ignore what it costs the taxpayers to have the Government do something if we think it will benefit us.

Then how we kick when one of the results of all the real or imaginary benefactions of Government comes to us in the form of an increased bill for taxes!

Our soaring tax totals

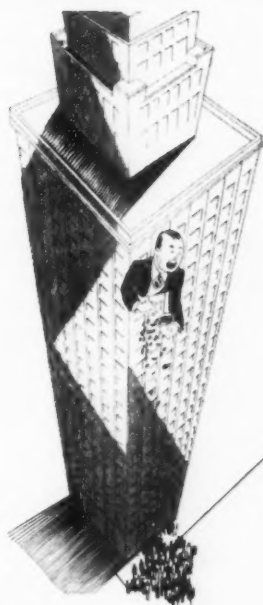
IN 1923, the American people paid \$7,234,000,000 in taxes. In 1928, taxes totaled \$9,169,000,000, an increase of almost 27 per cent. We have had a "farm problem" ever since 1920, and all kinds of solutions have been proposed; but little mention has been made of the fact that between 1920 and 1927 taxes on farm property increased 66 per cent.

The National Industrial Conference Board has shown that, in 1924, taxes took more than 36 per cent of the combined net income of all the incorporated business concerns in the country. They have increased far more in proportion than our population, wealth, or income.

In 1913 they totaled \$22.73 per capita, and were 6.4 per cent of the entire national income. In 1923 they were \$64.77 per capita and more than 10 per cent of the national income. In 1927 they were \$76.50 per capita and 12 per cent of the national income, or three and one-third times as great per capita, and twice as great in proportion to the national income, as in 1913.

It would be a great aid to checking the constant increase in the cost of government, and the consequent growth of the tax burden if we would all learn that there is no Santa Claus in government—or that, if there is, Santa Claus is simply another name for the general taxpayer.

Every expenditure made, every loss incurred, by the Government, is defrayed by taxes. Every subsidy granted in any form to any section or interest is an argument for subsidies to other sections and interests, and it is not improbable that most recipients of subsidies are obliged, in the long run, as taxpayers, to contribute more in taxes toward all the subsidies given to others than the subsidies received by themselves are worth.



Throwing DOLLARS Out of your Window

Hortense Mancini—once considered the most beautiful woman in Europe . . . favorite pastime was throwing dollars out of her window and watching the mob scramble for them . . . great sport, but she squandered \$15,000,000 and died in poverty.

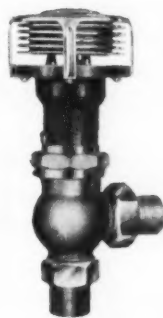
And yet in this day of industrial progress, of careful standardization, of conservation and good business—we are throwing more than this amount out of our windows yearly through the loss of heat radiation.

Your room gets hot . . . up goes the window . . . which calls for more heat in the radiators . . . this means more fuel in the boilers and more money spent uselessly.

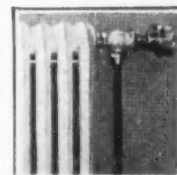
Yet this common practice can now be stopped . . . Sylphon's new Automatic Radiator Valve No. 875 will maintain any desired temperature in each room, all the time . . . at your office, at your plant, or at your home. You simply turn the valve end to any point between hot, medium, or cold and the matter of temperature is definitely settled. More easy to regulate than your shower bath.

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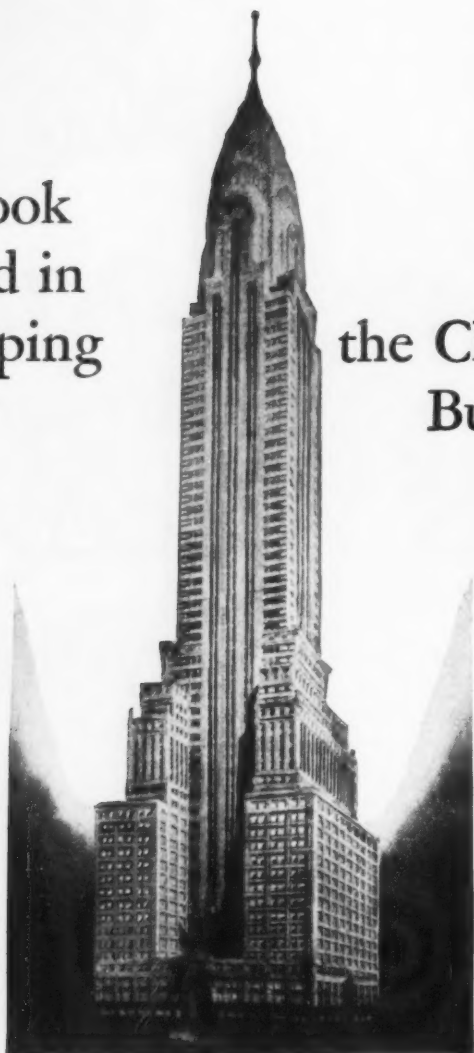


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A 200 Million Acre Land Problem

(Continued from page 58)

tal laboratory. The difference between having the Federal Government attempt to find the best uses of lands and water and of turning over these problems to the people of the affected region is that, under the latter arrangement, thousands of interested parties immediately begin to work on the projects because of their direct interest.

Luther Burbank had visions of a spineless cactus that would thrive on arid lands and provide vast amounts of high grade stock feed.

Assistant Secretary Dixon of the Interior Department has stated that in some regions the grazing resources could be increased fourfold. He also expressed the opinion that the potential water supply for these lands was not half developed; and that in the two states with which he was most familiar water could be developed almost anywhere by sinking wells a few hundred feet.

Local citizens want resources

MANY business men feel, further, that when title to the resources of a region is vested in the local citizens, it greatly strengthens the opportunity for industrial development as it provides a base for credit which is one of the greatest stimulants to industry.

This was one of the arguments used to oppose the creation of the National Forests and the passage of the Mineral Leasing Law which, although permitting private individuals to prospect and develop lands containing coal and oil, keeps the title in the Government which also receives royalties on the quantity produced.

Those opposing the President's proposal, however, contend that the states are not competent to deal with these problems and also advance fiscal objections.

President Hoover dismissed the idea that the states could not deal properly with the resources with the simple statement that, "The western states have long since passed from their swaddling clothes."

He has also offered suggestions to meet the fiscal objections. In the past 12 years the Federal Government has contributed 140 million dollars for federal aid roads in the 11 western public land states.

Without federal aid these roads could



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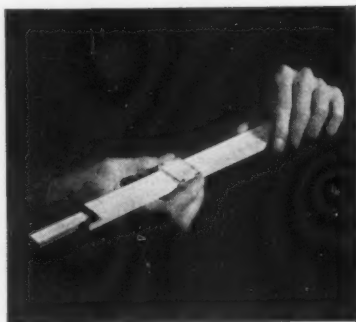
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not have been built. The complaint now is that if the Government turns back to the states these practically valueless lands the strongest reason for federal contributions would be removed.

President Hoover, however, has suggested that the federal contributions might go on for ten years as at present.

Secretary Wilbur has said that the administration is not committed to a fixed program, and that it has advanced these ideas to develop discussion. "The facts are there showing the waste and the needs of remedies. We hope that out of discussion and the deliberations of the committee will come the solution."

Has started discussion

THE proposal *has* started discussion aplenty, not only on the President's specific suggestions, but on related subjects such as turning over the national forests and the mineral resources to the states; and on questions of administrative organization and procedure affecting the Land Office, Forest Service, Reclamation Bureau, Bureau of Indian Affairs, etc.

These issues on which President Hoover has started such vigorous discussion involve the genius of American government and the question of placing responsibility as far as possible on the individual and upon the locality, as opposed to concentrated government by bureaus often located at a distance. They are issues of large economic, social and industrial importance to the West and to the Nation.

When a Bonus Is Not a Bonus

WHEN a corporation gives employees a bonus in the form of a percentage of annual salaries," says a personnel expert, "the money might as well be thrown away for all it accomplishes in the way of building up good will.

"When a man receives a percentage of his salary and knows that his associates are receiving that same percentage, he looks on the addition simply as more salary and not as a special reward for individual effort.

"Every bonus should be contrived to flatter the recipient. It should come to him as recognition for something in particular that he was able to do for his company."—F. C. K.



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WHAT I'VE BEEN READING

By WILLIAM FEATHER

IN the preface of "Our Business Civilization," James Truslow Adams says, "The author wishes emphatically to state that the volume is not intended to give a fair and complete presentation of the contemporary American scene and its tendencies."

Inasmuch as my custom is to begin with the title page of a book and read the preface before proceeding to the first chapter, I was aware before I turned to the first essay, that Adams did not pretend to be fair. Thus my indignation was tempered when I encountered criticism that struck me as downright snobbish and shallow.

On page 25 the author presents a point of view that is maintained in the other essays that comprise the volume. To American business men he imputes the doctrine that income is a measure of social usefulness.

"Naturally," he says, "the business men, whose badge of success is income, applaud such a theory, for it establishes indubitably that the owner of a cigar-store chain is infinitely more valuable to humanity than a Keats, even though from every past civilization the only things which remain of value to humanity are the creative works of those who were not business men. The business men of those days are as forgotten and indistinguishable as the leaves of yesteryears in Vallombrosa. Nothing could bring out more clearly than this barbarous syllogism and philosophy the difference between a humanistic and an economic civilization."

IS IT true that only the works of so-called creative artists have a survival value for humanity?

Is it true that one Keats is worth a whole generation of business men?

This is an attitude often adopted by retired gentlemen who potter away their declining years writing literary essays and attending afternoon teas.

Business men, working through the

Our Business Civilization by James Truslow Adams. Albert and Charles Boni, New York. \$3.

centuries, have developed our railroads, banks, factories, and mines. They have opened unexplored and uncivilized parts of the earth. From the profits of their enterprise a system of free public education has been established. They have printed millions of copies of Keats' poems and distributed them in every part of the world.

The great advances of the last two centuries have not been the work of one man, or a dozen men, but of thousands of men. One man built a railroad, another established a trading station; one man invented an oil lamp, another introduced the linotype. A London publisher brought out all the world's literary classics at a shilling a copy, and a radio manufacturer has recently employed the Philadelphia Symphony Orchestra to give free concerts.

ADAMS complains that, although we have good architects in America, business does not give them a chance. I grant that one may occasionally encounter in Europe expressions in modernism in architecture that are interesting, but to assert that American business men have thwarted architects is the worst kind of rot. This is the one place in the world where architects have been encouraged most, and it is business men who are responsible for what has been accomplished.

In striving to make his point, Adams is led to assert that the need for making a profit is at war with the spirit of all the arts. Yet all that we know of Shakespeare, the greatest of poets and playwrights, indicates that he had one eye on the box office when he wrote his lines. Thackeray, Scott, and Dickens did no writing "for fun."

They had bills to pay, and they were moved by the identical economic urge that prompts a business man to get out of bed in the morning, however cold his room may be.

TYPICAL of Adams' short-circuited economic thinking is his denial that the

standard of living in the United States has advanced in the last few decades. He asserts that the family that employs a housemaid today suffers a sheer loss equal to the difference in the wages, with no increased output whatever.

"The cook gets the full benefit of all the labor-saving devices, and the mistress pays for these and the advanced wages as well, he asserts."

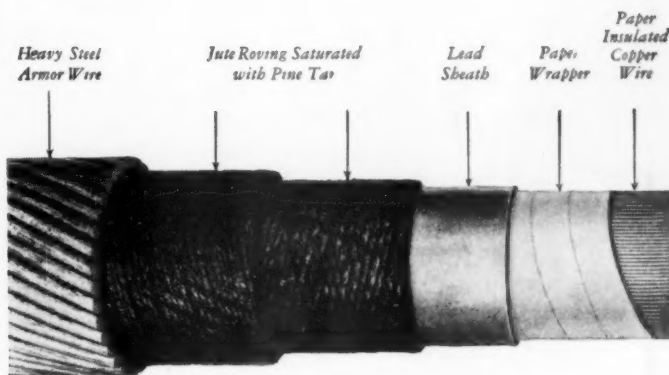
The truth is that a housemaid today, using labor-saving devices, can do at least twice as much work in a day as was possible 20 years ago when her tools were a broom, a scrubbing brush and a wash board. The maid is better off and the mistress is better off.

IN ONE section of the book the author sneers at the American effort to improve the standard of living, and in another he complains that we have failed to realize an adequate standard. He cites a minimum wage budget and points out that an income of \$1,900 allows only \$30 a year for reading matter. He weeps over the plight of street-car conductors, ministers, and college professors, and by innuendo suggests that business men have failed to provide a decent living standard for the workers. Yet it is universally known that the standard here is higher than anywhere else in the world.

To elevate the standard still higher is the task to which the American business men have dedicated themselves. Why, in one breath belittle what has been done, and in another complain that more has not been accomplished?

THIS REVIEWER, despite the irritation displayed in the foregoing paragraphs, is in sympathy with the general theme of the Adams' essays. There is a drift in this country toward too much standardization, not only of things but of thoughts. Too few are able quietly to enjoy leisure. We must ever be *doing*, and never merely *being*. Sometimes I think the climate is responsible for our nervous activity. All of us have the blood

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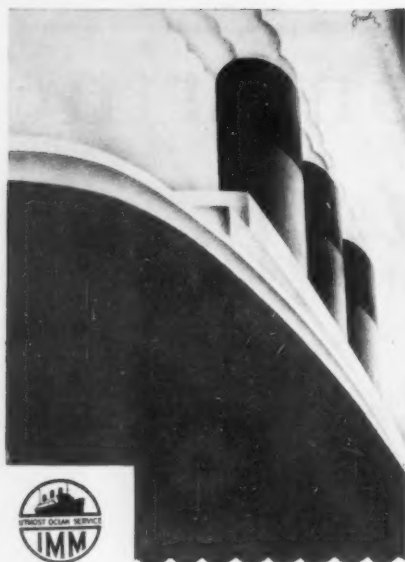
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of fathers, grandfathers, and great-grandfathers who liked to be on the move.

Those who enjoyed peaceful contemplation of their souls are still in Europe. They were not the type that cared to cross the ocean to settle in a new land.

ANOTHER thought comes to me from reading "Our Business Civilization." Surely it is a tribute to our good nature and our youthful spirit that we read and enjoy these scorching criticisms of ourselves. What nation was ever known to take smilingly so much punishment? I cannot imagine an Englishman of the type so much admired by Adams reading a book so critical of himself and his ways. He would likely toss the book in the wastebasket and think no more of it. Americans, however, enjoy criticism, and cry for more. I like this characteristic, and hope it will persist.

The writing in "Our Business Civilization" is excellent. The book is exceptionally lucid and readable.

CREATIVE thinkers, according to Herbert N. Casson², are the efficient few who cause progress and prosperity. The nation or business that encourages the efficient few rises. When the efficient few are discouraged, or murdered, as sometimes happens, the nation or business sinks.

Casson's formula of progress is as follows: In the evolution of the human race upwards, all progress depends upon the production of a comparatively small number of improved individuals; who are superior to the mass in knowledge, skill or character, and who, by reason of their superior powers, render a new service to the mass of people among whom they live.

The book is, of course, an argument for individualism as opposed to socialism. Except for the chapter entitled "Reconstruction" it contains little that is new, although all that is written is good reading. It appears that in Great Britain, as in the United States, the number who exercise their right of suffrage is dwindling. The reason, as Casson sees it, is that our present form of political organization, based on geography, is out of date. People are vividly interested in their jobs and businesses, but only mildly interested in their place of residence.

²Creative Thinkers by Herbert N. Casson. Efficiency Magazine, Kent House, 87 Regent Street, London, W. 1.

Instead of counties and boroughs being represented in the national Government, we should have trades, professions, and industries. They are now represented extra-legally, in the form of lobbies. Every interest has its lobby at Washington. Why should not these interests, who represent the productive power of the nation, be the government? Recently when President Hoover perceived that the country faced a crisis, he turned, not to Congress, but to the business leaders of the nation.

"Political Parliaments and Assemblies must go," says Casson. "They have been weighed in the balance and found wanting. They have lost the respect and confidence of the world. They were only preliminary and experimental, and we have now gathered enough experience to create something better. Our children's children will be amazed to learn that we endured our political makeshifts so long.

"A new leadership is at hand. Our national problems have become so large and complex and pressing that they can only be solved by the strongest and the wisest; and we are being driven by necessity to set aside forms of government that grew up in the days of stagecoaches and tinder boxes."

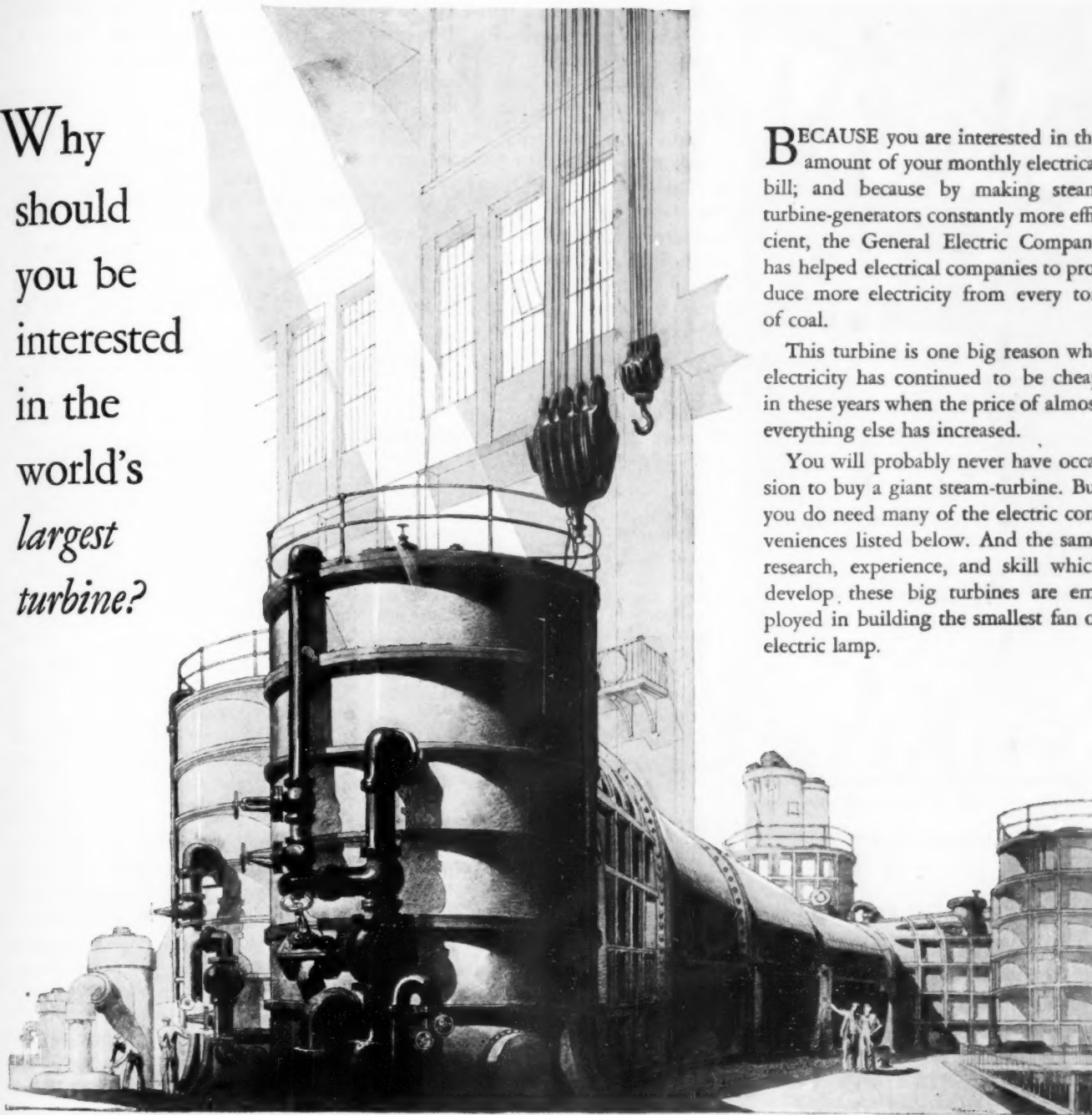
This thought should receive study. It becomes clearer each year that political organization, as now set up, is lamentably inefficient. The real business of government is done by organizations such as chambers of commerce, civic leagues, voters' leagues, and protective associations.

Neither high intelligence nor leadership is to be found inside governmental bodies. The best men will not seek office as representatives of meaningless geographical districts, but the situation would be different if a man could seek a place in the United States Senate as a representative of the steel, textile, automobile, or power industry. It is conceivable that such men might represent both the capital and labor of their industries. Working together, these men would achieve something like fairness for all. Intelligence would rule. This may be a high hope, but stranger things have happened in the past.

I BOUGHT "The Meaning of Culture"³ by John Cowper Powys at the same time I acquired a copy of "Our Business Civilization." The title interested me, and I anticipated a treat, but was grievously

³The Meaning of Culture by John Cowper Powys. W. W. Norton & Company, Inc., New York. \$3.

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disappointed. The best line in the book occurs in the preface, and is a quotation which runs as follows: "Culture is what is left over after you have forgotten all you have definitely set out to learn."

The Powys vocabulary and sentence structure are unsuited to a readable presentation of the subject. I gave up after the second chapter, but in glancing through the succeeding chapters, I came across this sentence, which, although not typical, is not much worse than hundreds of others. Can you understand it? Powys writes:

Without committing himself one inch in the direction of joining any church or confessing any creed, without, in fact, abating one jot of his scepticism about the whole affair, the cultured person recognizes that it is well within the bounds of possibilities that though there is no tangible human reality in the invisible world answering exactly to this Christian mythology, there may well be aspects of cosmic reality, in the mysterious system of things, corresponding to these extraordinary dogmas and represented by the vibration and perturbation—and also by the peace and calm—which these dogmas, just because they have gathered up in their long passage through history so many earth-born intimations, produce in our minds.

I see no excuse for such writing by a man who presumes to be cultured.

MANY of us forget that money is one of man's inventions. Gold coinage is an invention, and paper money is an invention. We expect inventors to introduce annual improvements in the automobile. Since the introduction of the steam engine, new inventions have poured from the minds of inventors. But no nation has departed successfully from gold as the basis of its money system.

Norman Angell's "Story of Money" is an entertaining introduction to the study of money. It is a big book, containing more than 400 pages. It shows that civilized nations existed for centuries without a money system comparable to ours. Wampum has served instead of gold. "Labor notes" have been used in place of gold. But gold, although far from perfect, is better than anything else that has been tried.

C. A. Bowsher, a Philadelphia philosopher, is not referred to in Angell's book, although more than twenty years ago he proposed that energy and not gold should be the basis of our money system. Bowsher would have the dollar measured by kilowatt hours.

His scheme is too complicated for me to explain, but it seemed to have merit

"The Story of Money, by Norman Angell. Frederick A. Stokes Company, New York. Price \$5.

when I first heard of it, and developments during and since the war have increased my regard for his plan.

ALTERATION in the purchasing power of money is the cruelest torture that afflicts mankind. Even George Bernard Shaw yelped when inflation robbed him of his continental bonds. Inflation reaches into burglar-proof vaults, and literally takes food from the mouths of children, and clothes from the bodies of old people.

Millions, after the war, saw their savings melt to a fraction of their one-time purchasing power. Many who had worked hard all their lives, and saved and invested carefully, were reduced to dependency in their old age, even in the United States, and elsewhere in the world conditions were far worse.

Debtors are hit equally hard in periods of deflation. Bondholders are "battered" when the tide turns their way, and the dollars they receive from debtors have a high purchasing power. Today thousands of earnest home owners are being compelled to give up their houses and savings because of the deflation that has occurred since 1921. Values today in some cases do not equal the amount of the first mortgage.

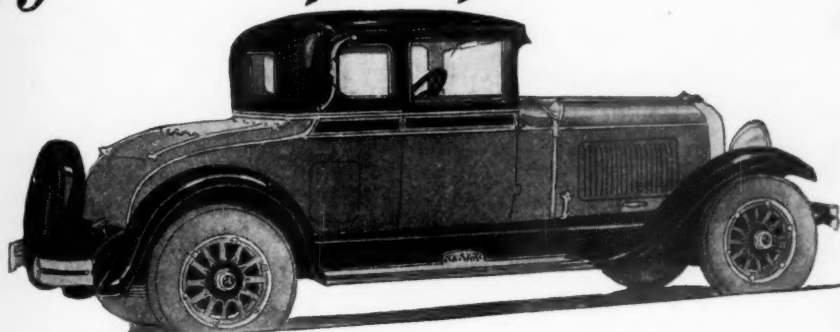
THE troubles the world has had with money is lucidly outlined in "The Story of Money." Much of it is dull and laborious reading for the layman, but the story should be fascinating to a banker, a broker, an accountant, a congressman, or anyone who deals in money or pieces of paper that represent money.

The chapter on "Money in America" is written by Louis Raminsky of the University of Toronto, and the chapter on "The Great Monetary Problem: What the Experts Say," is written by H. V. Hobson of Oxford.

Hobson concludes, after a survey of the discussion of what is wrong and what can be done, that "There is very wide dissatisfaction with the present system, whose want of flexibility is deplored alike by those who wish to make monetary conditions a corrective rather than a cause of business fluctuation, and by those who urge the creeping evils of long-term changes in the value of gold.

"Even the economists who accept the gold standard *faute de mieux* demand some international measure of control or concerted policy such as would relieve us of our present hazardous dependence on circumstances beyond the influence of our credit and currency authorities. The possibility of war in

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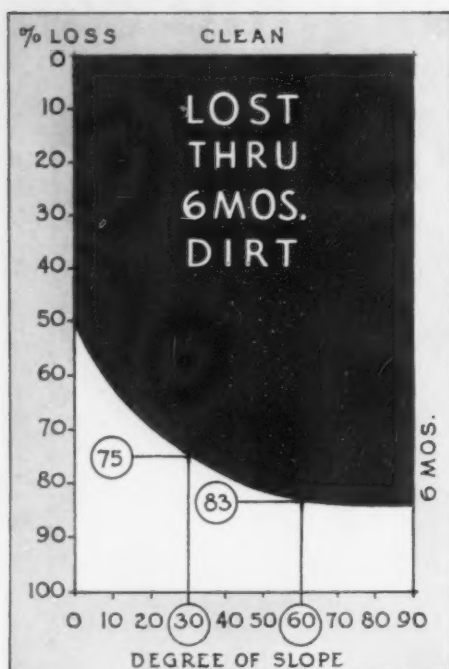
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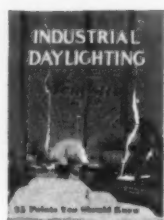
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any part of the world enlarges the risks we are running.

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What we must all get into our heads, if this question is ever to be attacked intelligently, is that the fate of civilization is not inevitably linked with the discovery of gold, and that the depletion of gold mines would not be comparable to the cooling of the earth or the advance of a new ice age.

Gold can be controlled. We are not even compelled to use gold. Those two points are worth remembering.

ANOTHER book on Henry Ford has appeared. The new volume by William A. Simonds⁵ is a rapid, readable sketch of the career of this remarkable industrialist. Those who have read more critical studies of Ford may find this book just a little too sweet.

That was my feeling. Ford's genius ranks so high with me, and his achievements have been so stupendous, that I now enjoy the studies of his mistakes and weaknesses, rather than the glorification of his abilities and virtues.

I do not suggest a biography that undertakes to belittle Ford, but his place among the giants of the earth is so secure that I believe there is room for a more serious and detached study than has yet appeared.

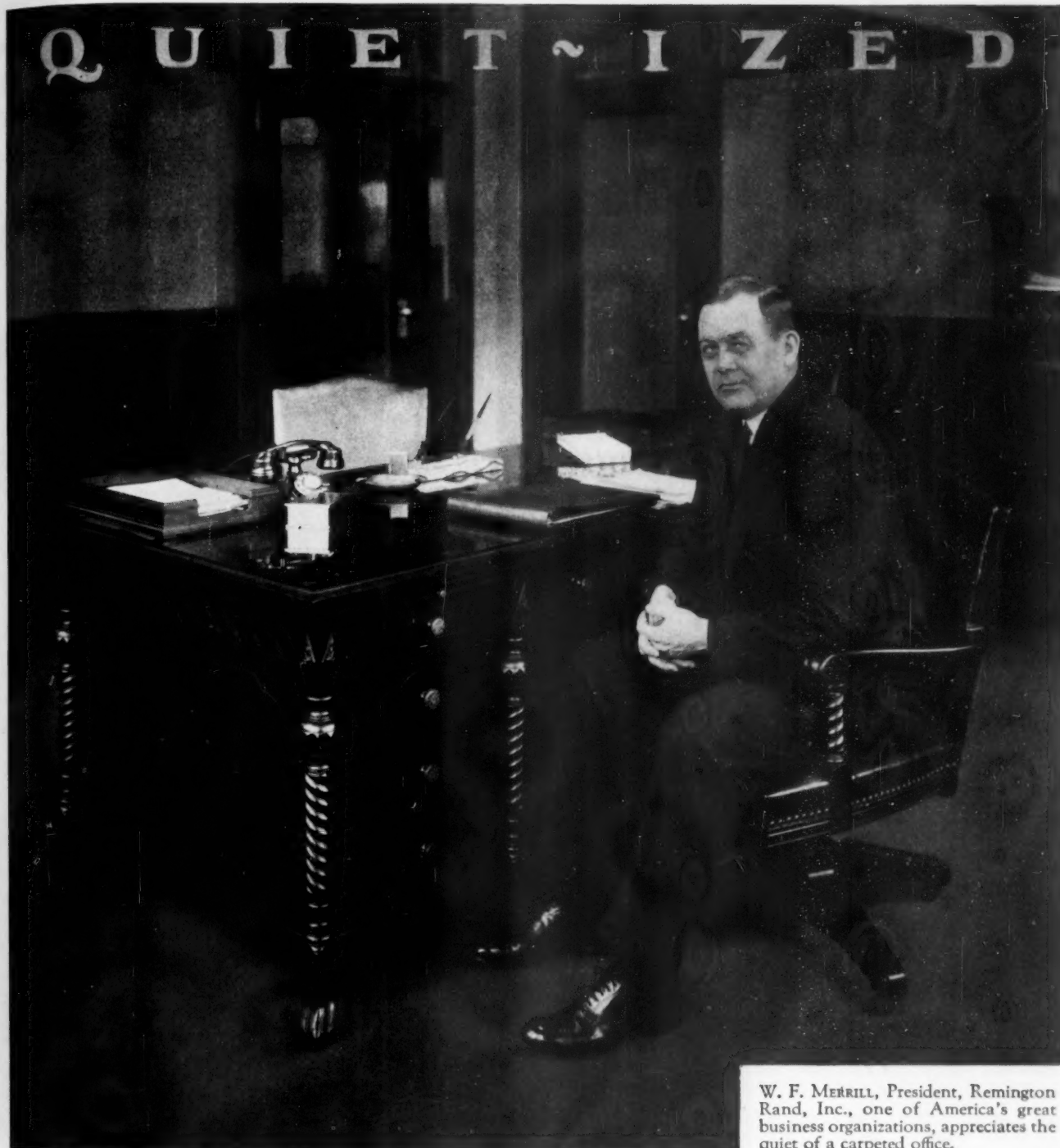
Ford has been beset by more obstacles and difficulties than appear in this book. He has made mistakes and corrected them. He has done many foolish things and tried to forget them.

Therefore, the world awaits a thoroughgoing appraisal of his contributions to engineering, manufacturing, marketing, and finance. Does he invariably practice what he preaches? Was the closing of his plant while he changed his model a costly blunder? Could this lay-off of thousands of employees have been avoided? Did he return his personal war profits to the Government, as Simonds avers, notwithstanding Andrew Mellon's assertion that the records of his office indicate no such return?

Was James Couzens the pioneer in promoting the high wage scale and the eight-hour day, and was Ford at first opposed to the plan? Such assertions were made in "Men, Money & Motors" by Norman Beasley.

⁵Henry Ford, *Motor Genius*, by William A. Simonds. Doubleday, Doran & Company, Inc., New York. \$2.

Q U I E T ~ I Z E D



W. F. MERRILL, President, Remington Rand, Inc., one of America's great business organizations, appreciates the quiet of a carpeted office.



THE world owes a lasting debt to Quietness. Accomplishment has always come through silence.

You spend from six to eight hours in your offices every working day. Have you ever thought what undisturbed quietness can mean to you there? It can increase the value of your time by making concentration possible—and productive. It can save your nervous energy to spend constructively. It can make you think things through—not only you personally, but all your important executives and department heads who are also paid to think.

Carpets can give you this “concentrative”

quietness in your offices as nothing else can. They deaden the clump and click of heels, and much more. They do what no other floor surfacing can do. They *absorb*, blotter-like, indirect noise—the shriek of motor horns, the buzz and clatter of men and machines.

The Mohawk Carpet Mills has fabrics that will *quiet-ize* your offices. Its 23-color range of Broadloom carpets is ideal for office use, combining soft beauty with the economy of long wear—and endless Quiet. There is a Mohawk dealer in your city, equipped to serve you. Call upon him.

MOHAWK CARPET MILLS

TOPICS FROM THE BUSINESS PRESS

By PAUL H. HAYWARD

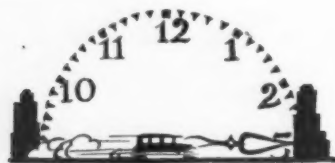
THE moral of the Stock Exchange crash," says *Shoe and Leather Reporter*, "is that the business world must cease regarding Wall Street as anything like a reliable barometer of the business of the country." Formerly, when the Stock Exchange was less mercurial than in recent months, the editorial continues,

it became . . . an acknowledged gauge of general business conditions. It was assumed that the financial groups in and about the New York financial district were organized to obtain and quickly digest all information which would have a bearing upon business . . . This is still true of the leaders, but a new and tremendous factor has been introduced. Mob psychology now dominates both the upward sweep and the downward slide of prices. . . .

But a new and better barometer has been developed. The American Railway Association has perfected a system of counting the numbers of loaded freight cars. This service has stood every test and is now an accurate gauge of the movement of freight comprising everything shipped from factories and mills, mines and farms.

Totals of the car loadings of revenue freight are quoted to show that "there was nothing wrong with general business such as to induce the most terrible decline in stocks" in our national history. To November 2 of 1929 these were 45,628,611; to the same date for 1928, 44,032,586, and for 1927, 44,676,701. The gambling spirit is strong in most men and women, the editorial concludes, and

we have no Monte Carlo . . . so we need an outlet which is the New York Stock Exchange . . . Play the market if you have the money and need the excitement, but forget that it was once a barometer of business.



♦ The Toll Speedway Arrives

THE privately owned motor speedway operated on a toll basis, long discussed, is about to become a fact, *Michigan Manufacturer and Financial Record* advises. To be built over the Grand Trunk right-of-way between Detroit and Pon-

tac, the 26-mile road will be the first of its kind in this country, though at Lake Como, Italy, 18 miles of speedway have already been built above railroad lines. The speedway

will be divided into zones and the charge for its use will be based on the number of zones traversed. It will be constructed on columns carrying the overhead wires of the electrified system. The surface will be asphalted and will be 40 feet wide with guard walls and lights on the sides.

Four streams of traffic are provided for in the plans, the inner line in each direction being for high speed, while the outer lanes will be for slower moving vehicles. The speedway . . . will bring Pontiac within 30 minutes of Jefferson Avenue. . . .

Traffic will be able to enter or leave the speedway by means of ramps built at important intersections. . . . Included in the plans is provision for the erection of public garages where the motorist, driving into the city from outlying points, may leave his car and find buses waiting to carry him to his downtown destination.



♦ Hotels and the Holidays

CHRISTMAS cigars have long since gone up in smoke and Junior has his toys pretty well wrecked, but here's a Christmas story from *Hotel Bulletin* that bears retelling even now:

"It's early, Bob, but—Merry Christmas!" The speaker was Jim Temple, sales manager for a national concern.

"Thanks, old pal, and a Happy New Year to you," smiled Bob McLeod, managing director of Hotel Thornburgh. "Going home for Christmas?"

"Sure. Doesn't everybody else?"

"They hide out somewhere. It's the hotel's duller time."

"Ever wonder why?"

"No. We're used to it."

"You should be—after 1900 years."

"What's the idea?"

"I'm not superstitious, Bob, but 1929 years ago this Christmas a couple was refused accommodation in a certain hotel. You know the story; there was a big convention on—an extra lot of people in town—and this couple, the woman at least, had special need for a quiet, restful room."

"But they were poor. And plenty of wealthy guests would pay extra rates for rooms. So the clerk—maybe it was the managing director—told them the house was filled—'There was no room in the

inn.' Now, mind you, I don't think there's any connection—I repeat, I'm not superstitious—but from that time to this there's been plenty of room in most hotels at Christmas time."



♦ Seamen, Schnapps and Safety

DEMON Rum is back of most of the mishaps that befall sailormen, if we may credit statements of Capt. Thomas W. Sheridan before the Eighteenth Annual Safety Congress and which are quoted at length in the British publication, *The Shipping World*.

He urged elimination of "drunks" as the best means of reducing personal accident damage aboard ships and recited some personal experiences to prove his point:

Recently I made several voyages around the world in command of a motorship. We had practically no seamen sick or injured until the booze area was struck. The first five weeks—on the American Coast—were peaceful, for the roving sailor is distrusted in the speak-easies and thus remains quite sober.

However, my crew . . . made up for it when they reached the wet regions, with a resulting harvest of bruises, sprains, cuts, backaches and sickness. . . . We reached Australia. There the rum flows freely and the bibulous ambitions of seamen receive statutory cognizance in a law requiring ships to stretch nets between the docks and the ships to save the dropping drunks from drowning. . . . At Sydney, in a convivial discussion, the second cook soaked the bos'n with a meat ax and stove in three of his ribs. As this left the bos'n only able to work with one side and he was therefore calculated to be only 50 per cent efficient, the cook was charged half his wages and maintenance. . . .

But it was the chief cook who rose to heights of eccentric eminence, Captain Sheridan added. After sampling every variety of Australian and Indian booze he tried something new,

a punch made of a mixture of vanilla extract, some bay rum, and Worcestershire sauce. We were about a thousand miles out, in the middle of the Bay of Bengal, when he experimented with this stuff. That it was potent was evidenced rather strikingly when he came out on deck and announced that he was going to swim back to

Everywhere this emblem means ETHYL GASOLINE



THE oil companies which supply more than fifty per cent of all the motor fuel used in the United States and Canada are now mixing Ethyl anti-knock fluid with their gasoline to provide a premium fuel that is worth a premium.

Every one of them has agreed to conform to the standard set by the Ethyl Gasoline Corporation. This means that they will use base gasoline of specified quality, and mix with it sufficient Ethyl fluid to "knock out that 'knock'" in cars

of average compression, and to develop the additional power of the new high-compression cars.

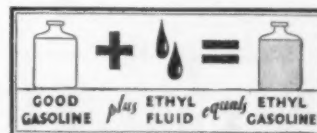
So wherever you drive—whatever the oil company's name or brand associated with it—any pump bearing the Ethyl emblem represents that standard, or better.

Remember that while Ethyl Gasoline is always colored red for identification, not all red gasolines are Ethyl. Always look for the Ethyl trademark. Ethyl Gasoline Corporation, New York City.

The active ingredient now used in Ethyl fluid is tetraethyl lead.

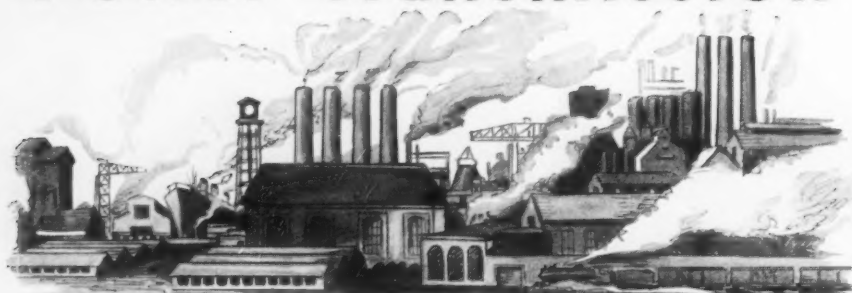
TRY ETHYL THIS WEEK END

Week-end driving is hardest of all. So we ask you to try Ethyl then. See how much longer you stay in high; how much better control you have; how much fresher you feel at the end of the trip. Small cars and older cars benefit from Ethyl just as much as larger, more expensive new cars.



"Knocks out that 'knock.'"

MORSE Silent Chain Drives For Power Transmission



Morse Silent Chain Drives set new high standards for efficiency wherever installed. Their efficiency of 98.6% has proven an important factor to leading manufacturers who successfully meet competition by speeding up production to the maximum and holding operating costs to the minimum. They are flexible, quiet at high speeds, and always dependable. They reduce overhead by replacing belts, heavy gear trains, and expensive, complicated shafting. Due to the short centers they require, they conserve valuable floor space. Their use as standard equipment in machine tools often results in smoother operation and better finished work.

Morse Power Transmission Engineers will gladly consult with you relative to your power transmission hook ups. Our new data file, which contains information about the design and application of Morse Silent Chain Drives, is free for the asking. Mail the coupon below for your copy today.

MORSE CHAIN CO.
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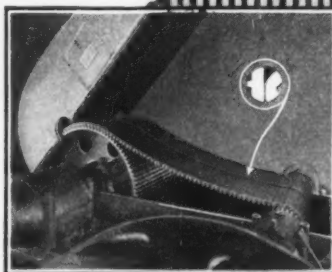
MORSE CHAIN CO., ITHACA, N. Y.
Please send me the Free Transmission Data File.

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Business _____
Address _____
City _____ State _____

N. B. 2-30

MORSE SILENT CHAIN DRIVES

When writing to MORSE CHAIN CO. please mention Nation's Business



300 H. P. Morse Silent Chain driving fan in the mine of the U. S. Fuel Co., Benton, Ill.

his girl in Calcutta and then dove over. . . . He was a rotten cook but we stopped and picked him up with a loss of 21 minutes. . . .

He was discharged at Ceylon three days later. . . . Having spent three days in the ship's brig, he was nearly sober and was very indignant when informed that the cost of his performance (amounting to \$5 a minute) was to be charged against him.

Even when it was pointed out that this gave him the distinction (rare in cooks' careers) of having chartered a two-million-dollar ship for a yachting cruise for the 21 minutes, he was not consoled.



♦ Outmoding Mr. Kipling

"A WOMAN is only a woman, but a good cigar is a smoke," Kipling has said, but now comes a Hollywood tobaccoist, according to *The Tobacco World*, who has gone Kipling one better and has made woman a good cigar. Although, we read,

the cigar is much smaller and daintier than that made for the masculine smoker, it is a cigar nevertheless, and the manufacturer states that orders. . . are steadily piling up. . . .

To one Hollywood notable—Rupert Hughes—there is nothing to get excited about in this development. Hughes, whose short story, "The Woman Who Smoked Cigars," should make him some sort of an authority on the subject, says that he knows quite a few women who like a good cigar.

Said Mr. Hughes,

As I see it, there is no moral issue involved. It must be remembered that George Washington's mother smoked her pipe with relish, and that many a benign old lady in the mountain regions has enjoyed her pipe for years with no ill results to herself or any one else.

♦ Margins And Real Estate

M'CREADY SYKES, writing in *Commerce and Finance*, expresses some rather unusual views on margin trading in the course of an attack on Representative F. H. LaGuardia's bill to curb speculation. He writes:

Trading on margin is precisely like buying real estate and paying only a part of the price in cash, giving a mortgage for the rest. The major practical difference is that there is usually an immediate market for stocks or commodities, with the exact market price known at any given time.

This makes it easier and quicker for the customer to close out his transaction whether for profit or loss.

This fact leads in turn to another great difference, that the margin trader may frequently carry on his dealings with a

FLYING DOWN TO ECUADOR



Passing El Misti in the Peruvian Andes at 110 miles an hour

A LITTLE MORE than a year ago we wrote as a prophetic statement that American air-lines would soon be reaching down to the mainland of South America! Today big tri-motored, all-metal Ford planes are not only reaching the mainland of South America, from Panama, the West Indies, and Florida, but they are flying on, farther and farther southward, where there are no roads, no trails, and man can only cross geographical barriers by taking wings across the sky. . . .

Pan-American air-liners, using only multiple-engined planes of large passenger capacity, are winging over the islands of the Gulf of Mexico and the countries of the mainland. Well-organized tours, operating in conjunction with railroads and steamships, reach Nassau, Mexico, Cuba, Haiti, Dominican Republic, Republic of Panama. In addition, there are 4000 miles of airways over which the Pan-American carries mail to Honduras, British Honduras, Nicaragua, Costa Rica, Colombia and Curacao.

Over the South American mainland the Pan-Grace lines, co-operating with the Pan-American, are sending Ford planes speeding across the jungles and mountains of Venezuela, Colombia, Ecuador, Peru and Chile on regular schedules!

Ford planes have proven to be most logical vehicles for these great pioneer lines that must operate over enormous distances and hazardous country with the safety and efficiency of railroads.

FORD MOTOR COMPANY

Visitors are always welcome at the Ford Airport at Detroit

The Ford Plane

The Ford plane is planned, constructed and operated as a commercial plane. Built of corrugated aluminum alloys, it has great structural strength, unequalled durability, and is most economical to maintain in operation. The uniformity of its material is determined by scientific test. All planes have three motors in order to insure reserve power to meet and overcome all emergencies. The engines may be Wright or Pratt & Whitney, air-cooled, totaling from 900 to 1275 horse-power. Ford planes have a cruising range of from 580 to 650 miles at speeds between 55 and 135 miles per hour. Loads may be carried weighing from 3670 to 6000 pounds.

The human capacity of these planes is 13 to 15 passengers and a crew of two (pilot and assistant). Each plane is equipped with a buffet, toilet, running water, electric lights, adjustable chairs.

The price of the Ford tri-motored, all-metal plane is exceptionally low because of its highly scientific methods of commercial production. Price is \$42,000 to \$55,000 at Dearborn.

Ford branches will be glad to give you information on the Ford tri-motored, all-metal plane in all models.



Going aboard for a long tour across tropical skies

Save on Drying Costs!



In There
Is Where

You Are Losing Money

Probably at no time in modern business history has there been so much need for a searching inquiry into costs as at present. Today's industrial situation demands complete efficiency in all manufacturing processes.

One way in which you may safeguard your business against potential losses is by analyzing your present drying process.

Many products are dried today by old-time, high-cost, time-consuming methods, just because these methods have always been customary. On the other hand, hundreds of plants, headed by open-minded executives, have found the way to cut labor and fuel costs and speed production through modernizing the drying process with Louisville Rotary Dryers. The results they obtained, in many cases, have been so spectacular as to be well nigh unbelievable.

Accept This Offer! — Now

We suggest you give us an opportunity to furnish the proof of possible savings in your plant. It may be the best investment you have ever made. For, if you dry bulk materials of any kind, Louisville Drying Engineers offer their services to you without obligation. They will study your problem, submit their report with recommendations for a more efficient dryer installation — if you need it — and put their conclusions before you in dollars and cents.

Investigate — Is the *Dividend Lost* in the Drying Room? This 40-year-old institution, exclusive manufacturers of Drying Machinery, invites your query for further information. Your letter will have our most earnest consideration — without obligating you, of course.

LOUISVILLE
DRYING MACHINERY
COMPANY.

Incorporated

455 Baxter Avenue, Louisville, Kentucky
Cable Address — LOUDRY, Louisville, Ky.

5 Possibilities In Cost Reduction

- 1 Cut your fuel bill — possibly from one-third to one-half.
- 2 Cut down the number of attendants, in many instances to part time for only one.
- 3 Save 50% to 75% of valuable floor space for other purposes.
- 4 Speed up production by affording uninterrupted operation of plant, because of continuous delivery of dried material.
- 5 And — give you a better quality product.

smaller proportion of actual cash relative to the total purchase price than can the operator in real estate. He can take his profit or loss more quickly and surely, and on the other hand, in the case of his venture going the wrong way he may be closed out almost on the spot, whereas the real estate operator may stall the thing along for the time it takes to foreclose a mortgage.

Thus it is easier for the margin trader to make the dangerous mistake of overtrading.

On the whole, if one must speculate, margin trading probably has the balance of advantages as compared with speculation in things such as real estate, that have no immediate day by day market. The margin trader has the actual machinery at hand for getting out quickly.

♦ A New Influence In Marketing

IT was to be expected that mechanical refrigeration would eventually be extended to railroad freight cars, but the results of this innovation, now an accomplished fact, as pictured in *Dairyman's Journal*, are rather more far-reaching than the casual observer would reckon. As applied to milk shipments, we read,

the car makes it possible to cool milk down to a low degree, and transport it great distances. It makes the problem of the enforcement of territorial restrictions for milk shipments even more difficult than ever before, and large dairy operators report that in this new invention they have a solution to so-called "milk strikes" in any particular territory.

This new invention . . . is an automatic, iceless refrigerator car in which mechanical refrigeration is obtained from power drawn from its own axle while the car is in transit.

The new car will enable the farmer to deliver any product, no matter how perishable, to the most distant market in perfect condition, since it permits the maintenance of a constant temperature at any point down to freezing, under all weather conditions. . . .

The cars are equipped with supplementary motors, and if they are held in terminal markets, or are otherwise delayed in transit, they can be attached to a power line, and refrigeration is maintained in exactly the same way as when the car is in movement.

A number of positive benefits are listed, advantages which promise to have their effects all down the line of milk distribution. The article continues:

Time in transit will be shortened, because delays for re-icing will be eliminated. Mechanical refrigeration, likewise, eliminates the ice bill, and decreases operating costs.

This decrease in expenses and faster time in transit, without the necessity of paying fast express rates, will bring many markets to the doors of growers which are now without their shipping range. The wider the market, the less danger of gluts, the more stable the demand and the better the price.

SAVE

**WEIGHT—
MACHINING—
ASSEMBLING**

WITH

PRESSED STEEL

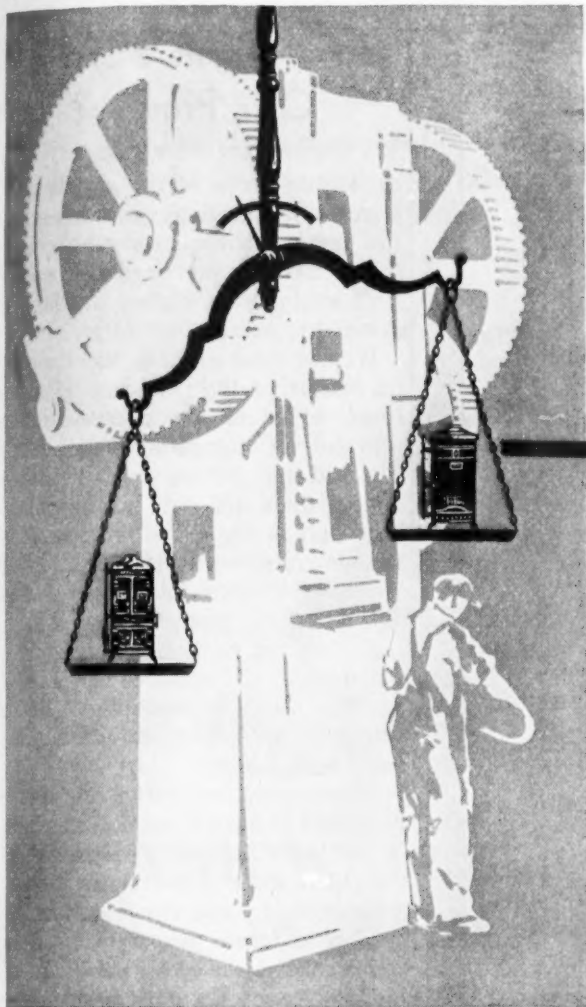
HERE is one way of cutting costs and IMPROVING YOUR PRODUCT; instead of being satisfied with cumbersome, costly and comparatively fragile parts, consult the pressed steel engineer.

Let him make an analysis of your product—give him the opportunity to prove its possibilities when pressed from steel . . . to reduce your costs from 10 to 80% . . . to eliminate slow, expensive machining . . . cut as much as 20% off your assembling time.

Pressed steel offers greater strength, durability, lighter weight and better appearance at lower cost.

Get the Facts, NOW! . . .

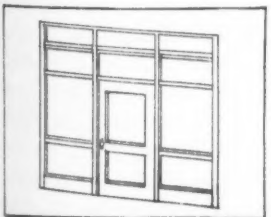
You owe it to the profit side of your ledger to investigate these savings with pressed steel. Complete information about pressed steel redesign as applied to your products will be supplied upon writing to Trade Research Division, National Association of Flat Rolled Steel Manufacturers, Terminal Building, Cleveland, O.



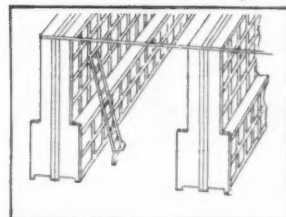
Cast iron guard of Kelly Press. Weight 24 pounds. Note that the guard is made of two parts.



The same guard pressed from steel. Weight 6½ pounds. Note the one-piece construction and sharpness of embossing.



Steel partitions are low in cost, speedily erected, easily maintained, exceptionally durable and provide a fire barrier.



Steel bins and shelving are as durable as the building itself. They actually save 16⅔% of storage space.

Save with Steel.

Weight Money Labor

When writing to NATIONAL ASSOCIATION OF FLAT ROLLED STEEL MANUFACTURERS please mention Nation's Business

Develop Technique

Just as much depends upon it in
Business as in Art or Sport

Technique in Business is that skilled and refined procedure which harmonizes mind with method and motion. Business that has it—individuals that have it—accomplish more, and do better work with less effort, less time and less waste.

Not long ago Business shied at the use of a term, or a practice, which had anything to do with Art—or even Sport. Not so now.

Modern Accountancy has shown not only that Modern Business *is an art*, but that its great advance is due to its recognition, and its application, of exactly the same factors and methods which have produced great Art—and made Sport so universal and so interesting.

In the control of your business—in the method or system of your management—in the endless operations of all material functions—*develop technique*.

ERNST & ERNST

ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

NEW YORK	PITTSBURGH	CLEVELAND	ATLANTA	CHICAGO
PHILADELPHIA	WHEELING	AKRON	MIAMI	MILWAUKEE
WILMINGTON	ERIE	CANTON	TAMPA	MINNEAPOLIS
READING	DETROIT	COLUMBUS	BIRMINGHAM	ST. PAUL
BOSTON	GRAND RAPIDS	YOUNGSTOWN	NEW ORLEANS	INDIANAPOLIS
PORTLAND	KALAMAZOO	TOLEDO	JACKSON	FORT WAYNE
PROVIDENCE	ST. LOUIS	CINCINNATI	DALLAS	DAVENPORT
WASHINGTON	KANSAS CITY	DAYTON	FORT WORTH	DENVER
BALTIMORE	OMAHA	LOUISVILLE	HOUSTON	LOS ANGELES
RICHMOND	MEMPHIS	HUNTINGTON	SAN ANTONIO	SAN FRANCISCO
WINSTON-SALEM	TULSA	BUFFALO	WACO	SEATTLE
		ROCHESTER		

"THE NEW BUSINESS WORLD"

Conducted by Merle Thorpe, Editor of *Nation's Business*, every Saturday night at 8 P. M. (Eastern Standard Time) over a National Broadcasting Company book-up including the following stations:

WEAF — New York	WWJ — Detroit, Mich.	WSMB — New Orleans, La.
WEEL — Boston	WSAI — Cincinnati, Ohio	KPRC — Houston, Texas
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WTAG — Worcester, Mass.	WDAF — Kansas City, Mo.	WKY — Oklahoma City, Okla.
WCRH — Portland, Me.	WHO — Des Moines, Iowa	KTHS — Hot Springs, Ark.
WFI — Philadelphia	WOW — Omaha, Neb.	KOA — Denver, Col.
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WFJC — Akron, Ohio	WMC — Memphis, Tenn.	KHQ — Spokane, Wash.
	WAPI — Birmingham, Ala.	

Are Mergers a Threat Or a Promise?

(Continued from page 28)

outside the scope of this article have been at work. We simply wish to emphasize that the movement toward consolidation has not prevented the worker from attaining the highest standard of material prosperity in history.

We now come to the public, the eternal amour of the politician. Has the course of recent capital concentration provided any cause for apprehension? The old fear of big business rested largely upon the fear of monopoly. Monopoly is opposed to progress. Man has always directed his efforts toward increasing the sum total of goods and services which promote happiness.

The end of monopoly is restriction. Its purpose is to limit those things which man has sought to multiply. We have here a conflict between the general good and private profit.

When a giant corporation controls the necessities of life and manipulates them to maximize its profits irrespective of the public stake, it nominates itself as a foe of society and war is justified.

Most of these corporate monsters which inhabit the record of industrial history have passed on. It is significant that in the struggle for survival they have fallen by the wayside. The life of the enterprise which mercilessly exploits the public is brief. Public confidence and good will are so vital to success that their cultivation has become the *sine qua non* of corporate existence.

Recent price level reassuring

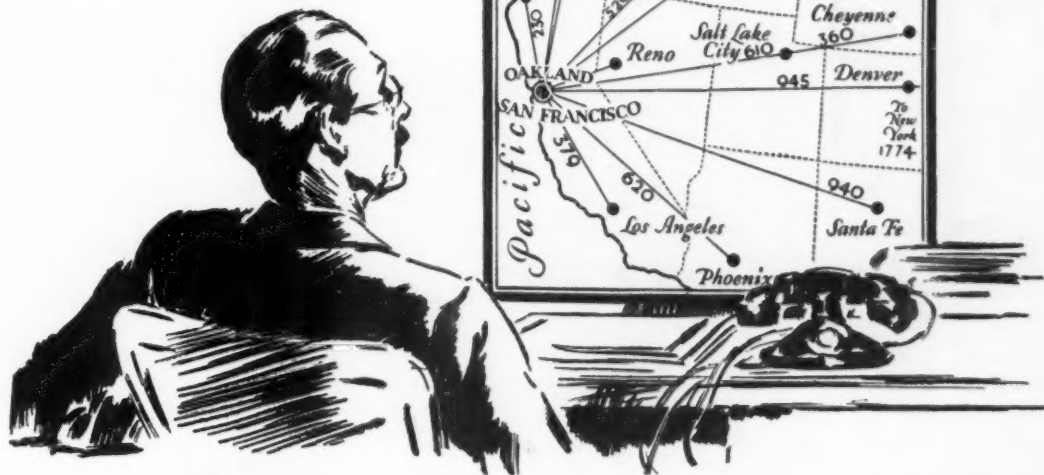
THE exploitation of the public in the Dark Ages of Business usually found form in higher prices or inferior products. The price level of the past eight years fails to sustain any fears on the former ground. It has been remarkably stable. No matter what indices are employed, it is almost impossible to establish a trend in either direction, which is evidence that the purchasing power of the dollar is being well maintained.

Price levels unfortunately fail to indicate changes in quality. Automobile tires are cheaper today than ten years ago and are hardly comparable to the earlier product. The same may be said of cars, radios and a host of manufactured products. Statistical evidence fails to afford any grounds of apprehension on the score of supply restriction and price elevation inimical to the public.

The cartoonist of an earlier day was

NATURAL GAS IS NOW AVAILABLE FOR INDUSTRIES

*From this point the eleven Western States,
the Orient and South American
markets are most efficiently served.*



A new fuel....low power costs *in the* *San Francisco Metropolitan Bay area*

This is one of the fastest growing industrial centers in the country. Many national concerns have located here and many more are coming. Here you find low power costs and an abundant supply of natural gas at attractive low rates. There is ample supply of skilled and unskilled labor with unusually low turnover largely due to the high percentage of home ownership. A splendid working climate of 57.1°F. mean annual temperature. There are over 100 miles of waterfront within the industrial area. Acre-

age of any desired size can be had at considerably less cost than elsewhere. Here, too, building costs are relatively low. Here you will find promptly available raw materials in wide variety and great abundance.

Distributors or manufacturers interested in the great western markets are invited to write for any general or specific information with the assurance of the correspondence being held in strictest confidence. Send for a copy of "Outstanding Features of the P. G. and E."

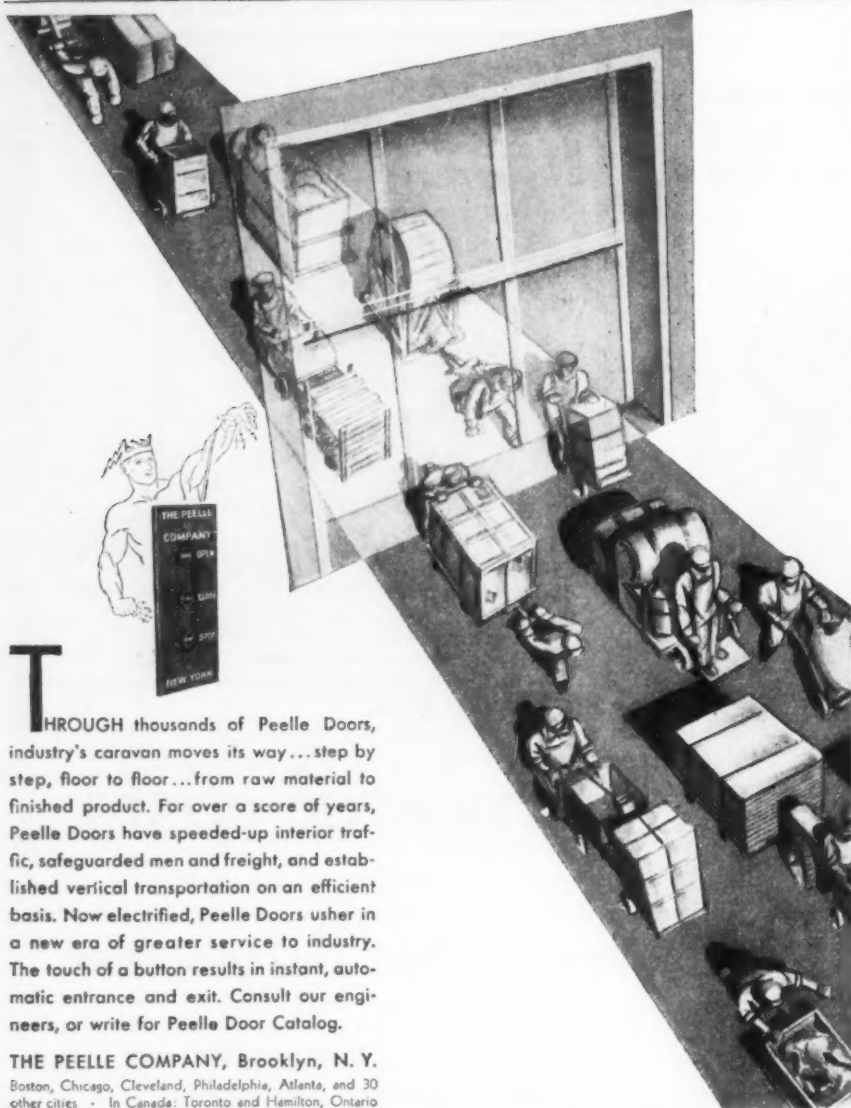
PACIFIC GAS AND ELECTRIC COMPANY
P. G. and E.

Serving 349 Communities in Northern and Central California

General Offices, 245 Market Street
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THE DOORWAY OF AMERICA'S FREIGHT ELEVATOR TRAFFIC



THROUGH thousands of Peelle Doors, industry's caravan moves its way...step by step, floor to floor...from raw material to finished product. For over a score of years, Peelle Doors have speeded-up interior traffic, safeguarded men and freight, and established vertical transportation on an efficient basis. Now electrified, Peelle Doors usher in a new era of greater service to industry. The touch of a button results in instant, automatic entrance and exit. Consult our engineers, or write for Peelle Door Catalog.

THE PELLE COMPANY, Brooklyn, N. Y.
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PEELLE Freight Elevator DOORS

★ To Keep You Informed

the editorial staff of Nation's Business is always "listening in" to the undertones of Business—searching out and bringing to your attention new business forces in all corners of the world that may directly or indirectly affect your business. An example of the result of their searching comes to you in the March number in an article on

★ Concessions Given American Business Men in Russia

by Bernhard Knowltenberg, who has made an extended investigation of industrial conditions in Russia. Another article of particular significance will be on the subject

★ Shifting Labor From Quiet to Active Industrial Areas

And there will be many others that will help you to spot a new idea... uncover an old fallacy... or adapt your business to a more efficient method of management.

able to portray venal justice doing the bidding of the corporate malefactor. But today big business is less inclined to effect its ends without the law. It dreads unfavorable publicity and is often willing to compose its difficulties with other parties at its own expense rather than risk the bar even when the prospects of a favorable decision are propitious. Without attempting to pin any white lilies upon large-scale enterprise, we may say that it is at least as law-abiding as any other group or interest.

On the positive side, it is appropriate to suggest that the manifold problems arising from the business cycle and the periodic recurrences of booms and depressions are likely to be mitigated as our productive and distributing agents get together and operate within the greater understanding such cooperation makes possible.

A slower but surer method

THE SOCIALIST has poked his irritating satire at the capitalistic system because of the "planlessness" of production and distribution. He has at least shown an appreciation of the value of unity of control. Private enterprise is gradually realizing in its own way this *summum bonum* of the idealist. It is getting there by a system of trial and error, and while this may be slower than cutting a brand new design out of the whole cloth we have much more faith in its ultimate soundness and durability.

Some well-meaning souls are lamenting the disappearance of the independent entrepreneur. It is possible, however, that this gentleman has been unduly romanticized. Similar laments once arose because of the passage of the "skilled craftsman." With his departure man vaulted to a higher level of well-being.

He represented a stage in progress even as the independent entrepreneur. However, as a comfort to those who are in anguish, we might say that this will not take place over night.

Complete cooperative effort in all lines seems well-nigh impossible. Even where consolidation seems to be most marked there are still great areas where further cooperation is confronted by apparently insuperable obstacles.

A spirit of fair play urges us not to condemn large-scale enterprise today because the conduct of its predecessors was not all that it should have been. We have repudiated the harsh injunction to visit the sins of the fathers upon their children.

It might be well to keep this in mind in appraising these new giants.

THE MOST VALUABLE HOLIDAY YOU EVER TOOK!

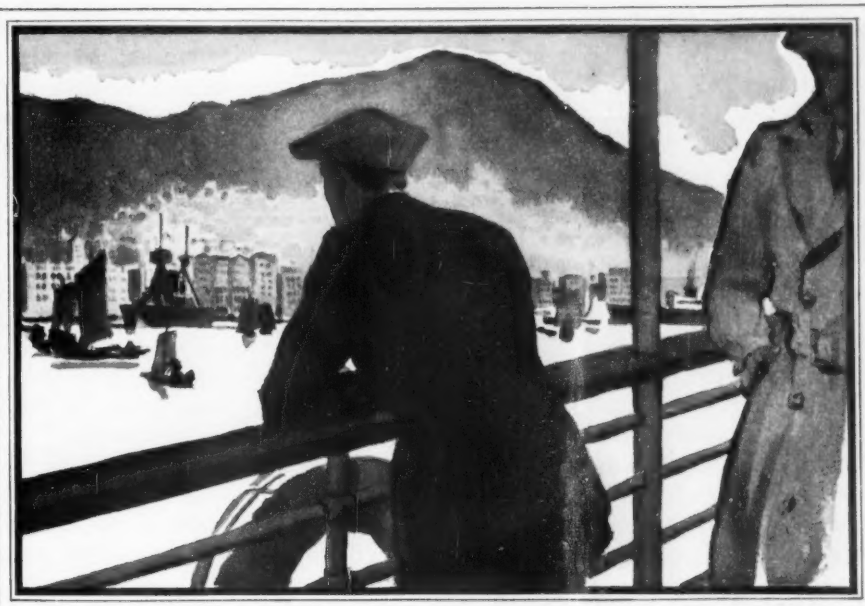


MAKE a palatial Dollar Liner your home, and the world your office, for 85 days.

Give yourself over to rest . . . observation and—ideas, as you visit one by one the great ports of the world via the Sunshine Belt to the Orient . . . Yokohama, Kobe, Shanghai, Hong Kong, Manila, Singapore, Colombo and many others homeward bound.

Make your own schedule—stop over where you like. Your ticket is good for two years, good on any Dollar Liner, and the great Dollar fleet cruises Round the World on fortnightly schedule.

It is true that the best executives are the easiest spared from the details of their business. Round the World in 85 days! And from a trip like this you will bring back a keener mind, a broader vision, and



a significant picture of what American business is doing in the awakening markets of the world.

A request on your letterhead will bring complete information.



This is the one steamship service on which you may go Round the World as you please, when you please and with all the comforts and conveniences that you enjoy in your own home. All state-rooms are large, outside, with beds (not berths). De luxe Liners, luxurious public apartments, outdoor swimming pool, world-famed cuisine. First Class only, Round the World, as low as \$1110—\$1250; with private bath \$1370. Your ticket good for two full years, stop over in any or all of 22 ports in 14 countries, as you like.

DOLLAR STEAMSHIP LINES AND AMERICAN MAIL LINE

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201 BROADWAY SAN DIEGO, CALIF.
210 SO. SIXTEENTH ST. PHILADELPHIA
DIME BANK BLDG. DETROIT
ROBERT DOLLAR BLDG. SAN FRANCISCO

1005 CONNECTICUT N. W. WASH., D. C.
152 BROADWAY PORTLAND, OREGON
406 THIRTEENTH ST. OAKLAND, CALIF.
909 GOVERNMENT ST. VICTORIA, B. C.
517 GRANVILLE ST. VANCOUVER, B. C.
32 VIA VITTORIO VENETO ROME, ITALY
11 BIS RUE SCRIBE PARIS, FRANCE
22 BILLITER ST. E. C. 3, LONDON
YOKOHAMA KOBE SHANGHAI HONG KONG MANILA
4TH AT UNIVERSITY SEATTLE, WASH.

Yes, We Can Operate Our Own Ships

(Continued from page 17)

forgot. When the Texas was built we were compelled to go to England for the plans for our first modern battleship.

President Cleveland championed an American merchant marine but in the Spanish War 16 years later we chartered foreign ships to carry supplies. Roosevelt sent the White Fleet around the world. It would be derelict in the Pacific today except for 50 foreign-owned vessels laden with fuel and food. These facts did not register with us. How should they? That economic law which rules the world was being obeyed. Internal expansion was still operating at high speed. It was cheaper to hire ships than to run them. Then came the World War and a discovery.

Overnight, as nights go in the long history of a nation, we had become a manufacturing people.

When ships came costly

THE law again. We found that we needed a mercantile marine. Government figures show that "at the opening of the World War but nine per cent of our foreign trade was carried in our own bottoms. Not one cargo vessel was in foreign trade under our flag on the Atlantic and only five passenger vessels. On the Pacific we had three 17 knot passenger vessels to Australia and the nucleus of a service from the Pacific Coast to the Orient."

Something of what followed is in common memory. Obedient to the American conviction that we can do anything if we spend enough money, we built a fleet. A sizable flotilla is tied up near Norfolk and another in the Hudson River. The engines are kept neatly greased and if we have another war the ships may come in handy. The operation in ships may have cost, directly and indirectly, seven billion dollars. That sum has been mentioned and I think it's fine. After the war we were flustered and bewildered and tired. That expensive tail might have been permitted to go with the hide but for one thing.

The men who shape opinion kept on saying that America must have a mercantile marine.

"We produce one-half more cotton than we use and one-third more wheat

and pork and 15 per cent more of manufactured products," said Wallace White of Maine. "The nation's well-being depends on sea transportation."

President Wilson said the same thing and President Harding and President Coolidge. When Herbert Hoover was Secretary of Commerce he made a statement which might be taken as the epitome of all:

Ships to hold down prices

"OUR international trade is one of the foundations of our standards of living. We must have some sound proportion of American controlled shipping to assure us against combinations in rates which would prejudice our goods—"

Our foreign rivals enthusiastically concurred. They were so enthusiastic that they lost their ante. I will not put that any stronger, for the game isn't over. But if they had not stepped on our maritime toes quite so ruthlessly we might have dropped back into that bland carelessness when it had seemed to us that foreign ships could do anything for us that American ships could do. But they rubbed our innocent little seafaring nose in the rough sand.

Thirty per cent of our out-going mail was carried on foreign ships, but foreign governments only returned ten per cent of our incoming mail in our own bottoms. Ralph F. Lozier of Missouri noted that the great bulk of our tonnage out-bound was carried in foreign ships, but the America-bound business originating in England was practically all carried in England's steamers. They controlled the docks and the coaling stations almost everywhere.

American ships are handicapped

RIGHT now, the United States Line ships are paying a \$225,000 annual differential against them for docks in New York City. Insurance rates were set up against us, according to Commissioner Plummer who cites as an instance the story of Egyptian cotton in 1921. American ships wanted a share of the trade that British ships had always had.

"You cannot get insurance at a favorable rate in Yankee bottoms," said the Britons.

No blame to them. If they had had control of banking and insurance con-

nections and had not used it their stockholders would have tapped their heads with hammers. The Shipping Board played a high card.

"Use our ships," it said, "and we will absorb the differential."

American ships have had one-half of that Egyptian cotton ever since. That is the way a sea tradition is set up. The injured Britons fought back. Wherever an American interloper appeared they put on "fighting ships" to starve out the newcomer. When the Shipping Board began to operate a fleet in the North Atlantic cockpit 32 European ships appeared and cut rates deep and wide.

Last winter the Cunard line put a competing ship into the Havana run to compete with the Ward Line. H. B. Walker, president of the American Steamship Owners' Association, notes that the "Ward Line has to make its winter earnings in the passenger trade carry it through the balance of the year."

The Cunard people have announced that another such ship will be entered in the Cuban run this winter.

Not being a ship-owner I look upon these circumstances as disguised blessings. We might have been kissed off the sea.

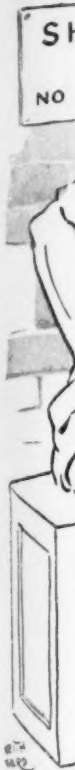
Lots of ships, but insufficient

IT IS not so easy to kick us off. It is true that we labored under an abominable handicap. At the end of the war we had too many ships and too few of them were good. Of the 2,500 ships of 1,000 gross tons and more, the Government owned more than one-half of the 12 million tonnage. The public could not see at that time the wisdom of building more ships when we had too many. Other nations built faster and better ships to get the business.

By the end of March, 1928, we were doing but two per cent of the world's shipbuilding.

"We had lost," said Wallace White of Maine, "the physical capacity to build ships and the technical staff essential."

But the Shipping Board kept grimly pegging away. Millions of money were spent, but trade routes were established and maintained. Seamen were being trained. Live youngsters went in by way of the forecandle and are coming out on





On Guard

General Box Engineers are ready to help you guard against excessive shipping costs that eat into profits and restrict sales. Back of these Engineers, twelve General Box Plants are busily maintaining the savings which are thus found . . . But that is not all. General Box strives always to refine its own manufacturing processes and to improve the quality of material going into its boxes and crates. . . . Years ago we were able to point out profitable economies for a certain shipper, who has been a customer ever since. Recently he made further use of our Engineering Service with the happy result that he was able, through the use of less and better material, to lower the invoice cost of his boxes \$5,000.00 a year—and on top of that cut the weight of each box a pound and a half. . . . If you want to know how to lower your costs in packing and shipping your merchandise—and how to keep them lower—accept our offer. That puts your individual problem squarely up to us.

OUR OFFER

Consign your product, just as you pack it for your customers, to one of our laboratories (either 62 W. Grand Ave., Chicago, or 151 Kent Ave., Brooklyn). Our engineers will study your present box or crate, redesign it to eliminate excess costs, ship your product back in the recommended package, and submit a report that will either point the way to definite savings or give you assurance that no improvement can be made. Or, if you prefer, write for one of our engineers to study the problem in your own shipping room. The investigation is free, either way.

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500 N. DEARBORN ST., CHICAGO, ILL.

*One Service
Nation-Wide*



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CANADIAN NATIONAL - TO EVERYWHERE IN CANADA

Alaska

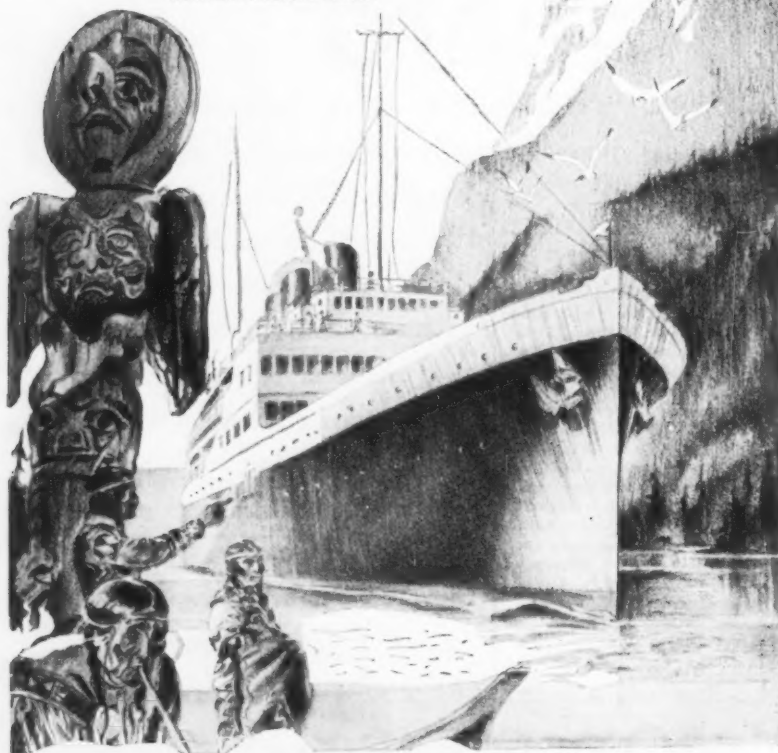
Land of Romance— Charm and Mystery

... Mellow summer days, long hours of bright sunshine, rosy twilight, where the sun sets in a blaze of glory to rise slowly again, blending evening into morning with no thought of night. Range after range of giant snow-capped mountains. Gleaming glaciers. All these—and the comfort and luxury of steamers of the augmented Canadian National Railway Alaska Fleet.

Canadian National's Jasper Park-Pacific Route across Canada prefaces this glorious voyage through the sheltered "Inside Passage," with stops at Ketchikan, past wondrous Taku Glacier, Wrangell, Juneau and Skagway—one of the world's famous rail-and-water cruises.

A tri-weekly service from Vancouver or Prince Rupert affords excellent connections at Skagway for Lake Atlin and Dawson by the White Pass and Yukon Railway, following the famous Klondike Trail of '98—a succession of thrills and a constant panorama of magnificent scenery.

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the bridge. This was a necessity of the situation, for there are but three nautical schools in the United States. The Shipping Board took up the slack by maintaining a recruiting bureau which placed boys on cargo ships where they are taught steamer seamanship and the rudiments of navigation at the monthly wage of \$25. Fourteen hundred of them last year.

Andrew Furuseth, the president of the International Seamen's Union, has said that too many of the men who do not reenlist in the Navy had been lost to the sea because there were no American ships on which they might sign. This condition has been corrected.

Now we are getting down to the bed plates. For there are American ships. And they are keeping busy.

The Jones-White law made the building of American ships possible. It almost evened up the differential in the cost of ships. The National Council of American Shipbuilders has estimated that upon the assumption that an American yard and an English yard each has the normal quantity of work "it costs 59 per cent more to build a 10,000-ton dead weight ship here than in England" and that approximately the same differential runs against the American builder in all other classes. The reason lies in the labor cost.

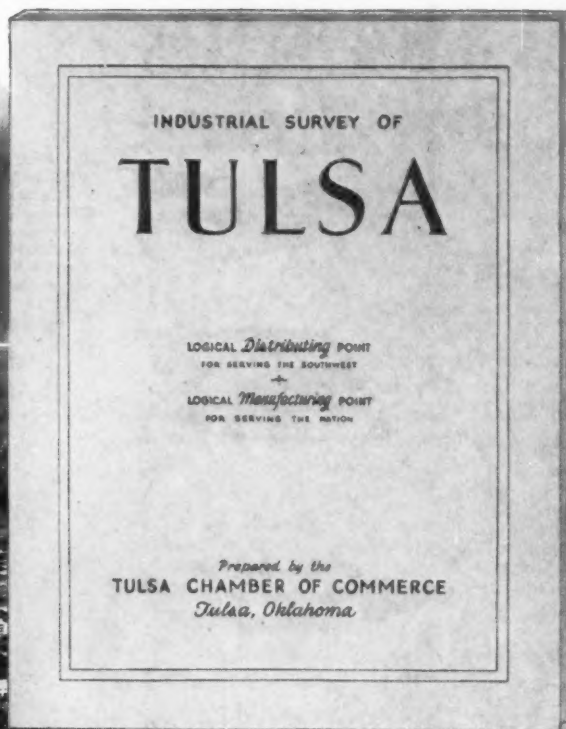
"Seventy-eight per cent of the cost of a 15 million dollar ship—or \$11,700,000—is labor cost. Our wages are nearly double those of the British workman and three to four times that of the German."

Others subsidize, too

THAT'S all right. It is good American doctrine to raise wages and keep them high. The Jones-White Act permits a shipowner to borrow money from the Government but not on such advantageous terms that the initial handicap of the American builder is entirely offset.

That is the best that can be said for it, for the foreign governments also aid their shipowners generously. Mr. White estimates that the British loan fund is now 365 million dollars for the building of ships in British yards, and that 85 per cent of the cost is loaned at a low interest rate.

The foreign merchant fleets are all subsidized generously. One of the most effective business building devices is that of the British Government, which aids its merchants to offer long time credits to their distant customers. The cost of interest, depreciation, insurance and repairs is not less than 18 per cent



Send for This Survey

—of the Southwest's Industrial Capital

The American business man should not be misled by the statement that Tulsa today ranks only fifth in size among the cities of the Southwest. This statistical detail does not alter a much more fundamental truth, to-wit: That when the *whole economic picture* is considered, Tulsa looms forth the industrial *GIANT* of this rapidly developing section! Consider these facts:

Oklahoma, one of the youngest among the states, containing 2% of the nation's area—already has 2% of the nation's population (her full share), 2.9% of the nation's agriculture (nearly 50% again more than her share) and 10.2% of the nation's mineral production (or *five times her share!*) Oklahoma is a state of *amazing* raw material wealth.

Tulsa lies at the center of the wealthiest section of this remarkable state. That part of Oklahoma within a 90-mile radius of Tulsa constitutes 33% of the state's area, but produces 59% of its raw material wealth!

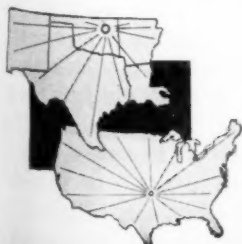
Tulsa has become the *world's leading center*

of fuel production! Within 90 miles of Tulsa is produced 17% of the nation's natural gas and 16% of the entire world's petroleum, and this area contains the bulk of Oklahoma's huge coal reserves of 79 billion tons.

In addition to outstanding leadership in raw materials and fuel, Tulsa possesses every other industrial requirement—plentiful native labor, excellent transportation facilities, unlimited supply of the finest drinking water, ideal year-round climate, tremendous financial resources.

Tulsa has 185,000 people, is growing with amazing rapidity, is the wealthiest city per capita in the world. Her new Industrial Finance Corporation is prepared to assist in financing worthy industries.

The manufacturer considering the Southwest should investigate Tulsa. To those who will indicate their manufacturing connection, we will be glad to send without obligation our new 80-page survey shown above. A coupon is attached for your convenience.



TULSA

Logical Distributing Point for the Southwest—
Logical Manufacturing Center of the Nation

Industrial Commissioner,
Tulsa Chamber of Commerce
Dept. N, Tulsa, Okla.

Please send me, without obligation, your
Industrial Survey of Tulsa.

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Miles and Miles of Yellow Strand

This is the age of big projects—the deepening of waterways; the digging of great canals for transportation and drainage; the erection of mammoth dams to impound water for irrigation and power.

It is no mere coincidence that miles and miles of Yellow Strand Wire Rope are constantly employed in these enormous construction projects. The excavating and handling machinery are of the largest capacities obtainable—and each year finds them larger, putting ever increasing strains on their wire ropes. Only such rope as Yellow Strand can stand the gaff—economically.

Yellow Strand is designed and made especially for heavy duty. Its wire is drawn to special specifications in the celebrated Sheffield district, from steel of Swedish origin. And over fifty years of wire rope making experience go into its manufacture.

One strand of yellow is its visible difference from all other ropes and enables you to see that you get Yellow Strand when you specify it.

Broderick & Bascom Rope Co.
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Eastern Office and Warehouse: 68 Washington Street, New York, N. Y.
Western Offices: Seattle and Portland, Ore. Factories: St. Louis and Seattle
Manufacturers of nothing but wire rope for over half a century.

Yellow Strand WIRE ROPE



Broderick & Bascom Aerial Wire Rope Tramways are the economical solution of many a haulage problem. Write for catalog.

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more to the American than to his foreign rival. American seamen are better paid and better fed than others. The Shipping Board has stated that:

"The wage and subsistence differential as compared to eight principal maritime competitors is as 51 to 100 in wages and 62 to 100 in subsistence."

In spite of all these things we are creating an American mercantile marine that should, in the words of Mr. Finlayson, give us the same secure place in the ocean lanes that we had in clipper ship days.

It is true that in 1928 only one-third of the foreign and domestic waterborne freight of the United States was carried under our own flag. It is true and unpleasant but it is not important. What happened in 1928 is no index to what will happen in 1938.

American lines are growing

IN THE six months that the United States Lines has been "on its own" as a privately owned concern there has been an increase of \$478,000 in passenger sales or 14 per cent, and a 34 per cent increase in freight business.

There is the Dollar Line. Capt. Robert F. Dollar was operating only a few steamers in the Orient trade when the foreign-owned lines began to crowd him. He found it difficult to get even dockage space and anchor room sometimes. He put on more steamers and created a demand for American goods by trading in them himself, just as the Yankee captains of a century ago carried out goods and brought pepper home.

"When Dollar began his round-the-world service in 1923 there was hardly any trade between California and Singapore and Penang and Ceylon," said Representative Martin of Massachusetts. "In the first four years of fortnightly service it brought 29 million dollars of new money to the United States and increased the existing trade with China and the Philippines to \$54,387,000, most of it new money. What Dollar has done has been duplicated in other parts of the world where permanent trade routes have been established."

We have only launched our argosy, it is true, but it is also true that it has been well launched. Cramp's fine old shipyards in Philadelphia are to be reopened to share in the first prosperity the American shipbuilding industry has had in years. So is the Bethlehem Steel Company's yard at Sparrows' Point.

For—and here is the solid-dollar-backed proof that the American mercantile marine is on its way back—

More ships are needed. Shipowners

The
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NEW
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products.

Raw materials are either in the state or easily brought in by water or rail from Canada or the west.

The things that made New York State great ... will also make your business great



NEW YORK STATE was made to be great. Nature endowed it with fertile soil, rich resources, a temperate climate. She gave it a marvelous chain of connecting waterways, destined to tap the abundant raw materials of Canada and the West. She made it the natural gateway for more than half of the nation's exports and imports.

With such a start it was inevitable that New York today should lead the country in manufacture . . . 242 of the 264 industries listed by the United States Government are represented here . . . that it should lead in population, in wealth, in railroads, in manufacturing.

Its manufacturing output per worker is higher than almost anywhere in the country. And, in the territory served by Niagara Hudson, its industrial rates for electricity are materially lower than the nation's average.

The Empire State offers not only ideal manufacturing conditions, but ideal marketing conditions as well. It is located in the midst of a comparatively small area that contains 49 per cent of the country's population and 55 per cent of the country's wealth. The economical way to reach this market is to locate your plant in its midst.

Write us for new booklet, "New York, the Great Industrial State." It is sent without a personal follow-up of any kind. Address Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N.Y.



POWER IS CHEAPER IN NEW YORK STATE

This book interestingly describes the specific industrial advantages of the territory served by Niagara Hudson, which includes among many others the towns and cities listed below:

ALBANY	DOLGEVILLE	HERKIMER	MEDINA	SCOTIA
ALBION	DUNKIRK	HOMER	MOHAWK	SKANEATELES
AMSTERDAM	E. SYRACUSE	HUDSON	NEWYORK MILLS	SOLVAY
BALDWINSVILLE	FAIRPORT	HUDSON FALLS	NIAGARA FALLS	SYRACUSE
BALLSTON	FALCONER	ILION	N. TONAWANDA	TONAWANDA
BATAVIA	FORT EDWARD	JAMESTOWN	OLEAN	TROY
BOONVILLE	FORT PLAIN	JOHNSTOWN	ONEIDA	UTICA
BROCKPORT	FRANKFORT	KENMORE	OSWEGO	WATERFORD
BUFFALO	FREDONIA	LACKAWANNA	PULASKI	WATERTOWN
CANASTOTA	GENESEO	LANCASTER	RENSSELAER	WATERVLIET
CARTHAGE	GLENS FALLS	LEROI	ROME	WELLSVILLE
COBLESKILL	GLOVERSVILLE	LITTLE FALLS	ROTTERDAM	WESTFIELD
CORTLAND	GOWANDA	LOWVILLE	ST. JOHNSTOWN	WHITEHALL
COHOES	GREEN ISLAND	LYONS	SALAMANCA	WHITESBORO
DEPEW	HAMBURG	MALONE	SCHENECTADY	WILLIAMSVILLE
		SARATOGA SPRINGS		

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A network of railroads, concrete highways, navigable waterways, insures perfect movement of finished products.



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A good fence breeds . . .



Sayles Biltmore Bleacheries, Asheville, N. C.

better management —bigger profits

Executives find that Page Fence stops trespassing—reduces fire hazard—creates order and cleanliness—improves morale—makes supervision easier.

Yard space becomes safe for storage—coal pile and material "borrowing" is a thing of the past.

64 Service Plants erect fence everywhere. Write for name and address of Plant nearest you. Complete fencing aid from first plans to final erection. Page Fence Association, 520 N. Michigan Ave., Dept. A89, Chicago, Ill.

INVESTIGATE! Page fabric available in Copperweld non-rusting wire—reduced up-keep—lifetime service.



When writing please mention Nation's Business

are no more sentimental than grocers. If they saw no profit ahead they would build no ships. But under the provisions of the Jones-White Act, mail contracts may be let for a period of ten years and thus a permanence of income is assured.

More bottoms are needed to meet the foreigners in fair competition. The case of the Leviathan is in point. It is handicapped by the fact that it has no opposite number.

Americans who prefer their own ships find it is often impracticable to book both ways on the Leviathan because its sailing dates do not suit their convenience. Therefore the U. S. Lines propose to build two more "monster" steamers which shall be the finest and fastest ever floated. The contracts will be let as soon as practicable after the agreement is signed for carrying the mails. Docks and banking connections are being secured abroad. Not long ago it was possible for our foreign rivals to get every bit of needful information about our business abroad by an examination of the manifests.

That is being checked. American commerce is going abroad and young Americans are going with it as its agents. Hong Kong and Hamburg now offer the opportunities to get ahead that

were once found in California and the Dakotas. The great banks are training their youngsters and sending them out to the world.

The Grace liners and the Dollar liners and the United Fruit liners and the others are sending out men and their families as England has been doing for generations.

Young men are leaving the prairies for the sea trade because it is beginning to pay. An American first mate is paid \$185 a month net against the \$112 that an English first mate finds in his envelope. Other positions are paid in relative proportions. In 1928, 245,554 men were employed on American vessels of 100 gross tons and more. On the vessels of the American Steamship Owners Association the proportion of Americans is 53.5 per cent.

It is all a matter of that law which rules the commerce of the world. When we could employ our men and money to our limit elsewhere we stayed at home. Now we have found that we must have ships. Therefore we have ships and will have more ships. Our ships are made to pay.

The only tradition that counts is the one that America has always respected. Business is business.

The Map of the Nation's Business

(Continued from page 56)

per cent from a year ago, and was 15.2 per cent below that of October. This tendency was especially marked in shipments of raw cotton, but was shared in by foods, especially grains, mineral oils, coal, and manufactured goods of various kinds. Exports, which had been 18 per cent ahead of 1928 up to May 31, fell so that by November 30 the increase was only 3.5 per cent. Imports, on the other hand, gained in every month and were nine per cent ahead of the year.

Commodity prices declined mainly in the last quarter so that the price index on January 1 was 9.7 per cent below that of January 1 a year ago but was still ten per cent above June 1, 1921. Decreases for December were noted in dairy products, leather, textiles, tobacco, fruits, chemicals, live beeves, live sheep, vegetable oils, breadstuffs and some building materials. Compared with a year ago 60 articles of common use were lower, 25 higher and 21 unchanged.

In looking toward the coming year's business, one who remembers what occurred in the old days as a direct result of a big break in the market is impressed

with the relative absence of many phenomena once all too familiar. For instance, compare the autumn of 1929 with that of 1907. In the latter year, following the stock-market break, there came a currency panic, closing of banks and a heavy volume of failures of stock-brokerage concerns. In 1929 this latter phenomena was almost entirely absent despite an enormously larger public interest in the market. One reason possibly for this was the longer time taken in the market liquidation last autumn, another the warnings issued from time to time, another the very long margins insisted upon.

Another feature that has come sharply to mind has been the remarkable mobility displayed by industry in reducing operations to avoid rolling up of burdensome stocks. A notable absence of these latter is very generally noted. The year closed with a good deal of sobriety, but with a quietly cheerful feeling visible, part of this undoubtedly due to the wonderful rally made in November under the personal direction of the President and the heads of America's biggest business interests.

WHICH HOTEL WILL HE CHOOSE, ON HIS NEXT VISIT? •

BACK from a successful business trip, ready to plunge into the work that has accumulated on his desk. First, the day's mail. He opens a long, crisp envelope bearing a familiar crest, and takes from it a letter. It is a brief, sincere message of friendship and appreciation from the hotel at which he stayed. It is on the private stationery of the President. And it is signed—not by a room clerk—not even by the manager—but by the head of the great chain of hostelrys, himself. • The letter touches his mind with a sense of warm, personal contact. He has ample proof of its genuineness. Not only does its signature carry conviction, but as the business man holds it to the light he sees the famous watermark of Coupon Bond. There will be no question as to “where to stop” when next he travels that way. • Coupon Bond is a supreme achievement in bond paper making. It is strong, clean, vigorous—the master paper chosen by masters of American business for their executive letters. • We shall be glad to send you, on request, our portfolio, “The Modern Trend in Letterheads,” and a new booklet, “The Executive Letter.” (In writing for them please use your business stationery.) ¶ *Coupon Bond is but one paper in the Eagle-A Line of Bonds, Ledgers, Writings, Index Bristols, Offsets, Covers, Book Papers, Mimeograph and Manifold Papers—the right paper for every business purpose.*

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Make it Bring Prosperity to Your Community

AVIATION holds a promise of civic prosperity just so long as it is cultivated as a unit of transportation.

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Transportation has given America a trade leadership unequalled in all the world. History again repeats itself. Air Transportation, with cargoes of untold opportunities for still greater usefulness and prosperity, now challenges the vision and coordinated action of public-spirited citizens everywhere.

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Up From the Villain's Rôle

(Continued from page 41)

of spiritual values. Here the antagonists are father and son. Sheridan, shaggy, domineering old war horse of business discovers that he has hatched a poet.

Bib, his youngest boy, is a delicate, wistful, reserved lad, sensitive and imaginative. The old man sets himself to make a business man out of the boy, or break him in the process; Bib resists with a subtlety and strength of his own.

When Sheridan has about given up, tragedy robs him of his two older boys upon whom he depended to carry on his business.

At this crisis Bib unexpectedly buckles down to work and steps into the breach.

Defenders have been hesitant

IT IS worth noting that even in cases where we feel that the author's sympathies are with the business man, it is not an outright defense. There is an undercurrent of reserve.

Small wonder that his defenders have been a trifle hesitant for the business man has been made the butt of prolonged and violent literary attacks. At one extreme is the ribald derision of "Babbitt." Then there is what we might call the novel of escape, of maladjustment; the economics professor in Cannan's "Young Earnest" suddenly turns taxi-driver, and the staid middle-aged broker in "The Moon and Sixpence," in a moment of supreme revulsion, chucks it all and goes native in remote Tahiti.

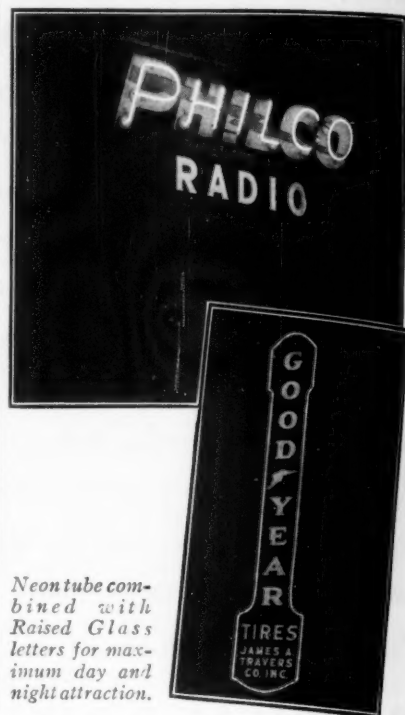
On another level we get a critical indictment of the spiritual inadequacy of business life; the central characters in Sherwood Anderson's "Marching Men" and Charles G. Norris' "Pig Iron", at the peak of achievement, find only emptiness and disillusion.

No regard for right or wrong?

WHEN a certain measure of admiration is solicited for a business man, it is often at the expense of his reputation for honesty. Dreiser's "Financier" is Nietzschean superman for whom the ordinary civilized distinctions of right and wrong simply do not exist. Frank Cowperwood's gospel is the right of might.

It is in the carefully documented pages of Hergesheimer that we eventually meet the business man of today as

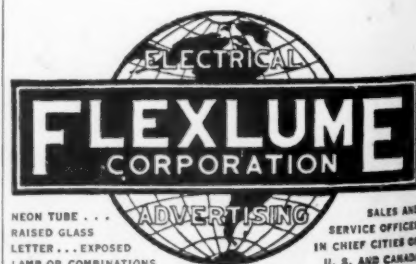
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we frequently encounter him in the flesh—mature, cultivated, sure of himself in every relation of life, accepting leadership easily as by natural right, a man never stooping to bluster or brag because he never feels the need of it. He is the sort of man a novelist of a generation ago would have made a nobleman; a decade ago, a diplomat.

Hergesheimer wrote of industry

BUSINESS comes in for attention in many of Hergesheimer's novels—"Three Black Pennys"—a story of an iron and steel dynasty—"Tuban Cain," "Gold and Iron," "Steel" and "Tampico." This brilliant American novelist is a curious amalgam of sensuous estheticism and hard, businesslike precision.

The hero of "Steel," after a demoralizing experience in the war, finds that he cannot adjust himself to the prosaic routine of the world he returns to. Neither business, sport nor love can stir him from his strange, enveloping apathy.

One day in a steel mill, however, his imagination is touched. Life is slowly renewed for him as he watches the bright, flowing metal taking shape. He is soon in the thick of it, finding in the making of steel the answer to a deep, obscure need in his soul.

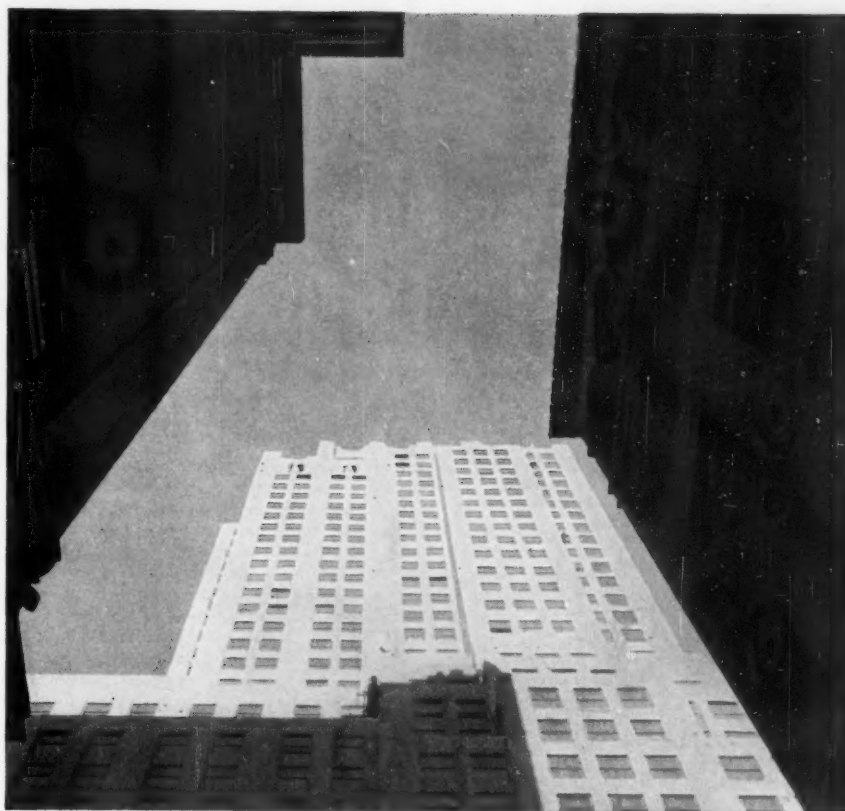
"Steel" shows a young man caught by the spell of industry; "Tampico" on the other hand, portrays an old man trying unsuccessfully to escape it. In this novel we meet Govett Bredier at a cruise in his life.

Took business as a game

HE IS past middle age and the drive of life, once so strong, has begun to ebb. On a casual visit to Tampico, the scene of his early triumphs, he unexpectedly uncovers a conspiracy to betray the enterprise which his energy had once created.

Though eager for a life of placid domesticity, he stiffens at the challenge, and plunges into the familiar maelstrom of violence and intrigue, impelled by the old, fighting urge.

It is a human problem that engages Hergesheimer, not a social, economic or humanitarian one. Love and conflict entangle the reluctant Bredier. But at the climax of his adventure, something snaps inside him; an impulse of futility, deeper than words, overwhelms him, and with the cup of triumph at his lips he puts it from him and moves out of the picture, a tragic figure. Life—the dangerous, stimulating existence that had been wine to his youth—has lost its



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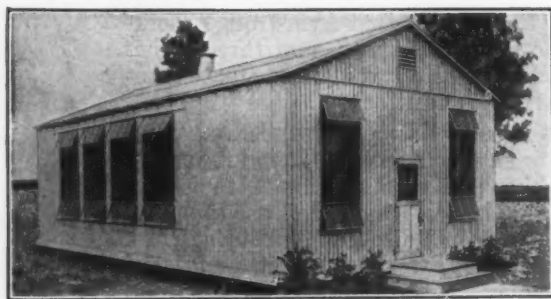
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savor. In the wake of "Tampico," Sinclair Lewis seems to have made the discovery, in "Dodsworth," that, after all, business men are not exclusively morose clowns.

Like Bredier, Dodsworth is a polished, thoughtful, easy man of the world.

Business man as a ruler

IT IS in H. G. Wells, however, that we get the apotheosis of the business man in fiction, a truly grandiose conception of his real function and destiny.

Wells says of his "The World of William Clissold:"

"I write of the increasing power of the financiers and the big industrialists, to control human affairs, to prohibit wars, restrain and direct governments, dictate policies; they are the great barons for a World Witenagemot, but at present their power is either partial or unconscious in its use, or merely a potential power."

Here is a conviction of a mission for business that is decidedly novel in fiction.

This novel deals with a scientist along industrial lines who has gone into seclusion in Provence, where he casts up the balance sheet of his life, spent in building up great international industries.

There is a love interest, but it is a mere skeleton upon which the author hangs the experience and dreams of the principal character.

Wells hasn't succeeded in dramatizing the business man as effectively as he did in "Tono Bungay," an earlier novel of a patent medicine king.

Clear-headed and practical

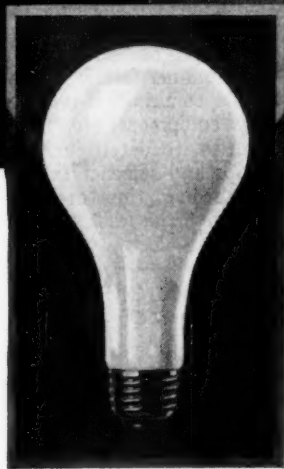
CLISSOLD, like Bredier, is no longer the familiar clown or brute of earlier writers—nor even the power-hungry egoist, but a practical man who feels that the future is in his hands and in the hands of others like him.

He approaches his task thoroughly sensible of its importance, its gravity, and its dignity.

In "The World of William Clissold," Wells' basic ideal of a reconstructed world remains substantially unchanged, but he has abandoned socialism in favor of the business man as the most sensible, practical agency to bring about the desired result.

Praise from Sir Hubert Stanley is praise indeed; the business man, with this laudatory fanfare from Mr. Wells may be said to have definitely arrived in the modern novel. Mr. Clissold is his rehabilitation.

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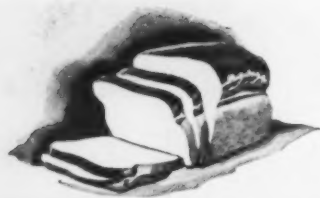
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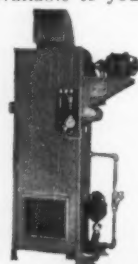
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THE flavor and texture of good bread is not an accident, but the result of care in preparation of the dough and in raising the loaf before baking. In this, air conditioning equipment is as important as the ovens to the modern bakery.

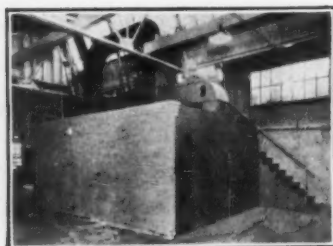
The photograph shows a "proof box" where bread is raised—8,400 loaves at a time. The Niagara Air Conditioner keeps the inside atmosphere at the exact temperature and relative humidity most favorable to perfect results.

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Single Fan Unit
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Bakery "Proof Box" equipped
with Niagara Air Conditioner.

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Farm Relief By Factory Methods

(Continued from page 48)

of the state is a farm of 2,560 acres, part grazing land, that formerly consisted of eight small farms, from seven of which the owners had moved off. The eighth man was given a tenant-purchase contract on the consolidated farm and supplied with tractors and implements necessary for economical operation.

Good profit on the farm

WITH only one hired man throughout the year, one or two extra at seeding and harvest, and the aid of a couple of boys, he grows each year 900 to 1,000 acres of wheat, 200 to 300 acres of corn, summer-fallows 600 acres, and keeps 20 cows and 100 head of hogs. When he started in the spring of 1925 he had personal assets of about \$4,000. At the end of 1928 his assets had increased to \$12,000. That was his advance toward ownership in four years, two of which were dry.

At Hingham in the north central part of the state is another farm of 2,240 acres, part grazing land, that was consolidated from foreclosed farms. In 1928 the tenant had 600 acres in crop and some 500 acres in summer fallow.

He has two boys and hires only one or two extra men during the busy seasons. In his first two years he broke about even, but made a net profit of \$13,000 in 1927 and 1928, paying nearly

half of his indebtedness to the Fairway Corporation.

That indicates something of the progress of Dr. Taylor's plan to work tenants into ownership with expert supervision. All the farms have not done so well. Years must elapse before this phase of the project is completed.

But from Wilson's standpoint of efficient mechanical operation, the farm of most absorbing interest is the great experimental tractor farm of 3,000 acres at Brockton. Here is the real laboratory that is working out problems of efficient wheat farming not only for the Fairway Farms, but for the whole state. All the machinery on this farm is loaned by manufacturers for experimental purposes.

Something of the scientific research work conducted on the Brockton farm is indicated by Professor Wilson's outline of plans for 1928 and 1929:

1. To determine under Montana dry-farming conditions, for three sizes of power units, three-plow tractors, four-plow tractors, and six-plow power units (either in the form of a single tractor, or two three-plow tractors), the most efficient combinations of wheat growing equipment, such as plows, different sizes and types of "duckfoots" and other kinds of summer-fallow cultivators, weeders, drills, combined harvester-threshers, wind-row equipment, etc.

Also, to determine the combination of crops and summer fallow (acreages, time of seeding, time of harvest, etc.) which will give the least conflict in the demands



Experiments have shown that 800 acres is the smallest grain farm that can be operated efficiently in Montana by a single family

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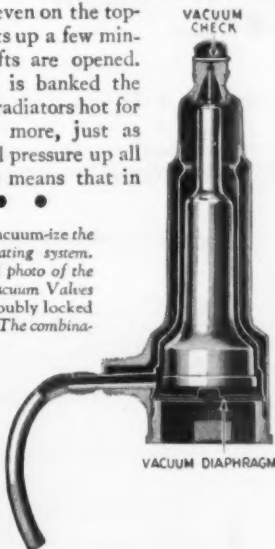
Today in America there are thousands of these buildings. If you own or operate one of them, this advertisement holds the biggest news you've ever read. It tells how you can stem the tide, as many other wise operators have. Modernize the building and compete with the larger, newer structures, with a total investment *lower* than that involved in the new ones.

Modernizing does not call for lavish expenditures. As an instance, take the heating system. Many of these properties are heated by old-fashioned one-pipe steam plants. These heating systems are wastefully out of date. Since they were installed, heating engineers have worked out radical improvements.

It is *not* necessary to rip out the system. At a small fraction of the cost of a new one, it can be converted into one of the most modern types of heating plant. Thousands of buildings are now being heated by fuel-thrifty vacuum systems, converted from the old-type steam heat by three simple changes.

In your city there are good heating contractors who specialize in this work. It is easy to locate one. He tightens up the connections, to keep out air; replaces radiator air valves with Hoffman Number 2 Vacuum Valves (with theft-proof locks); and puts Hoffman vacuum vent valves on the basement mains, to clear the pipes of air.

Now it is easy to vacuum-ize the ordinary steam heating system. This cross sectional photo of the Hoffman No. 2 Vacuum Valves shows how air is doubly locked out of the radiator. The combination of the vacuum check and vacuum diaphragm (which doubly lock out air) is found only in Hoffman Valves.



HOFFMAN Number 2 VACUUM VALVES

Open the drafts at 7 A. M. With the ordinary steam system it is likely to be 8 or later before radiators are hot. At 8:30 turn off drafts, and by 9 the radiators are probably cool.

Let your heating contractor vacuum-ize the system with Hoffman equipment. Then open drafts at 7 o'clock. At 7:15 your radiators are hot. Close drafts at 7:45. Radiators remain hot until 11 or later. With less fuel burned, you have hot radiators all through the morning, instead of a mere hour.

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Send me the facts about Hoffman Vacuum-ized steam heating systems, and the name of a good local contractor who specializes in this work.

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.....Business Building.....Approx. Number
of Radiators.....



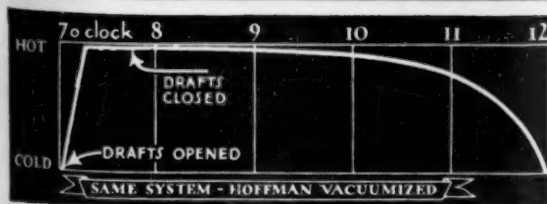
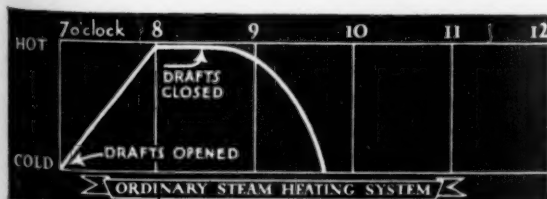
If you own a house or building heated by steam you are vitally affected by the startling facts on this page.



the coldest weather radiators stay hot *all day long* without frequent raising of steam pressure. The "hot-period" of every radiator is tripled!

You can imagine the great amount of fuel thus saved. Except in very mild climates, this saving is as much as \$5 per radiator every year. This applies to coal. Oil and gas savings are even greater.

Let us send you the name of a nearby heating contractor who specializes in Hoffman vacuum-izing. This coupon, a post card or a letter brings you the name, and address, and the Hoffman booklet which explains and *proves* the whole story. Mail it direct to Hoffman Specialty Company, Inc., Dept. GH2, Waterbury, Connecticut.





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for man and tractor labor the smallest peak loads, and the most uniform distribution of the man and tractor labor throughout the season.

In other words, for each of the three sizes of tractors, the size and combinations of implements, size and type of farm that will give the greatest net profits.

2. To determine the capital outlays, operation unit requirements and expense, the sequence of operations, the day-to-day labor and job adjustments due to variable weather conditions, and costs of each operation for the above types and sizes of power units.

3. To determine the power required, by dynamometer tests, for different kinds and sizes of tractor-drawn implements in different types of Montana dry-farming soils and under different moisture conditions.

4. To determine the effect of the rate of travel on the cost per acre of the different operations and on the efficiency of the tractor power units, and to determine the effect of the rate of travel on quality of work done by the tractor-drawn implements.

Plowing is the heavy load in agriculture, and the power of a tractor is commonly measured by the number of plows it will pull. Technically, a three-plow tractor has a drawbar pull of 15 H. P., a four-plow has 20 H. P., and a six-plow 30 H. P.

More power per man

OF COURSE, a four-plow tractor will pull a larger combine, a wider area of disks, drills and cultivators, than a three-plow tractor; and a six-plow will pull still larger implements.

The point is that one man can operate any of these power units—tractor and implements—with reasonable mechanical ability.

But to use a tractor outfit economically, it must be given a full load and be operated a maximum number of days during the season. Hence, a man with a four-plow tractor will need more land than a three-plow tractor farmer, and a six-plow farmer will need at least twice as much.

Now, the Brockton farm is so laid out that any size of farm up to 3,000 acres can be organized for experiment. Operating tests have indicated that the *minimum* size of farm in Montana to be operated efficiently by one man (with family) is 800 acres with a three-plow tractor outfit, 1,100 acres with a four-plow outfit, and 1,800 acres with a six-plow power unit.

If a man wants to expand beyond the family size of farm, he simply buys one or two more tractor outfits, hires the men to operate them, and doubles or trebles his acreage. Many have done so by buying or leasing adjacent land;

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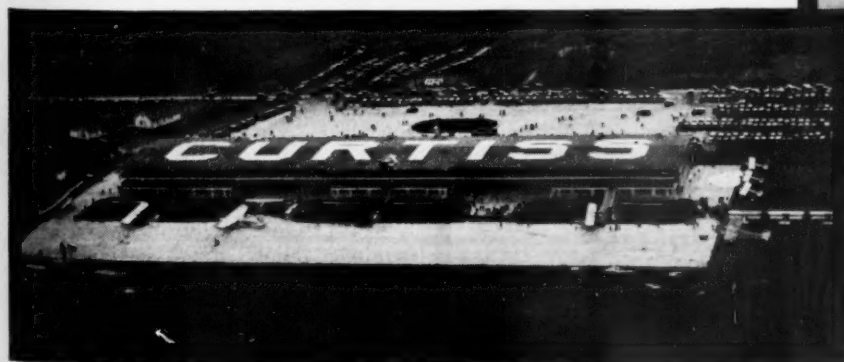
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Above — a typical Sunday aviation crowd at the Curtiss Chicago airport.

Left — these new modern hangars offer every facility for plane operation, accommodation, servicing and repairs. A noteworthy feature is the elevated promenade that allows aviation enthusiasts a comfortable, full view of all flying and field activities.

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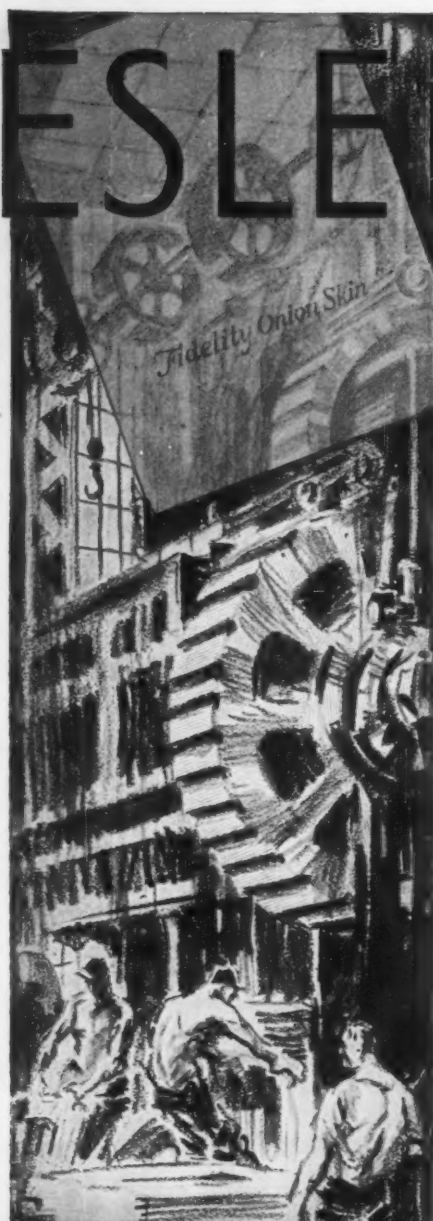
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United States Chamber of Commerce, Washington, D. C.

then they begin to become real "factory farmers."

While Wilson is immensely interested from an economic standpoint in these large-scale operations, the main objective of the Fairway Farms Corporation is the efficient family farm. The minimum areas given are of this type, and they include both crop and summer fallow, the only safe system of semiarid farming.

The term summer fallow may need to be explained. It means that only one-half or two-thirds of the tilled area is put in crop each year, the remainder lying fallow to conserve moisture for the following year.

But the fallow land must be kept cultivated during the summer to keep down weeds, break the capillarity of the soil, and so prevent evaporation of moisture.

If only one-third of the land in rotation is summer-fallowed each year, it is followed by two successive crops of grain. When half the land is summer-fallowed, it alternates with the crop every year. This can be done economically on cheap land with power equipment. Instead of being an added cost, it is the greatest possible insurance against loss.

Corn can replace fallow

ON THE Brockton farm they have tested both methods and have found the alternate system is not only the more assured, but allows the more efficient organization. They have also compared summer fallow with a cultivated crop of corn as preparation for a following crop of wheat. By spacing the corn rows widely apart, to permit cultivation with ordinary tractor implements, they have found that the moisture loss is extremely slight and that the cost of caring for the corn is no greater than for summer fallow.

This provides a supply of feed without extra cost and without jeopardizing the success of the main crop of wheat. Its importance to Montana farming is at once apparent. By growing corn in place of summer fallow, or on part of his summer fallow, the wheat farmer can handle some live stock on the side as a reserve against a bad year.

But the chief feature of the Brockton demonstration, from an industrial standpoint, is the manner in which mechanical operation has reduced man-labor and the resulting reduction in production costs. It is the same story that has been told so often in the American factory. The Fairway experimenters are simply transferring factory methods to

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"DESERVES A CORRECTLY SPECIFIED SHEET"

LAST year a well known automotive manufacturer reported 5% breakage in stamping his steel sheets. The Newsteel Engineer was called in. He took the problem right into the Newsteel mills where development work determined a correctly specified sheet to meet the exacting operations required. Approximately 300,000 correctly specified Newsteel Sheets furnished since have yielded 99.2% perfect stampings. High material efficiency may be obtained for your product, too, if you let the

Newsteel Engineer get the facts about your sheet steel requirements. Your answer may be found in the Newsteel Shops—or in our chemical or metallurgical laboratory. But, wherever the Newsteel Sheet is specified, it will be the right steel sheet for your particular job . . . right in every respect, including production economy. Among such correctly specified sheets are Automobile, Steel Furniture, Full Finished, Full Pickled, Singled Pickled, Black, Blue Annealed and Copper Bearing.

THE NEWTON STEEL COMPANY, YOUNGSTOWN, OHIO

Detroit, Cleveland, Chicago, New York, Indianapolis

Plants at Newton Falls, Ohio, and Monroe, Mich.

NEWSTEEL



THE ENGINEERED STEEL SHEET

When writing to THE NEWTON STEEL COMPANY please mention Nation's Business

STEELCASE CALCULATING MACHINE DESKS

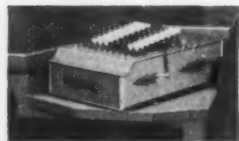


hasten flying fingers

Speed with ease! This is the demand of the hour where figures count and fingers falter. And the Steelcase Calculating Machine Desk meets this demand thoroughly.

The Steelcase Calculating Machine Desk—the latest of a long line of fine steel office equipment—was designed and built for one purpose only—to make the calculating machine and its operator a more efficient unit. That it is accomplishing its purpose is evidenced by the fact that many of America's most prominent business concerns have adopted it.

The desk is small and compact—it saves valuable office space; it is attractive in appearance and practical in design; it makes fast calculating work easier and speeds the flying fingers of the most efficient operator.



The Lowered Keyboard Assures Easier Operation



Four beautiful finishes, Olive Green, Walnut, Mahogany or Oak, baked to the steel. Wearproof linoleum top.

METAL OFFICE FURNITURE COMPANY
GRAND RAPIDS, MICHIGAN



... FOUND WHERE
BUSINESS SUCCEEDS

When writing please mention Nation's Business

the farm. In ordinary wheat farming in the Northwest, the man-labor required to grow the crop is about seven hours per acre. On the Brockton farm, beginning with three-plow and four-plow tractor outfits, they reduced the labor requirement to three man-hours per acre, including one year of fallow and the succeeding year in crop.

That pointed the way to still further reductions. In the spring of 1928 they started to use a six-plow power unit. With this they have reduced the man-labor on wheat to two and a half hours per acre, and they expect to get it down to two hours, including fallow and crop. The six-plow tractor, with one man and a proper load of implements, will plow 20 acres, disk 90 acres, cultivate 100 acres, seed 120 acres or combine 60 acres in a ten-hour day.

Wheat at low acre cost

GOVERNMENT figures on average cost of wheat production in Montana, excluding land rental and cost of marketing, are about \$13 per acre. On the Brockton farm in 1928 they reduced this cost to \$8.70 per acre, and they expect to get it down to \$7 per acre, believing that future competition with the expanding low-cost wheat areas of Canada will require that low an operating cost in the Northwest.

The Fairway Farms were designed as a demonstration in efficient farm management for Montana. The plan of operation of the Brockton farm was devised by the staff of the Montana Agricultural College, with the cooperation of trained economists, engineers and agronomists.

So revolutionary are some of the results obtained, that last year it was decided, in effect, to load the Brockton farm on wheels and carry it as a visual demonstration to the farmers of the state. Through the courtesy of the Great Northern Railroad, a special train of 15 cars was provided, including flat and box cars for the exhibits and sleeping and eating accommodations for the staff.

Everything except the land was transported. Cars were loaded with tractors of various kinds and sizes, with a complete series of implements suited to each power unit. Expert engineers were in attendance to explain the operation of these machines, agronomists to tell what crops to grow and how to grow them, and economists to combine the whole story into one efficient plan of business farming.

From the middle of January to the middle of March, the "Low Cost Wheat

Train" traversed the wheat areas of the state. One or two stops were made every day, with advance publicity to advise the farmers of its coming.

Audiences ranged from 200 to 800 farm people, many of them driving from 10 to 40 miles to attend these meetings. They first examined the exhibits on the train and then moved to a local hall, where motion pictures of the operations were shown and the whole plan explained.

A new idea of efficiency

MONTANA farmers were already using tractors and combines, but the "Low Cost Wheat Train" gave them an entirely new conception of efficient operation. All over the state today the methods developed on the Brockton farm are being used.

It has been estimated that American industry, other than agriculture, is spending about 180 million dollars a year for research. In comparison, the United States Department of Agriculture is spending for research work something more than 13 million dollars annually, and the state experiment stations, affiliated with the Department of Agriculture and working under its general direction, spend about the same amount.

This research fund of approximately 26 million dollars must cover the entire range of agriculture and country life. One can imagine how thinly it spreads over a 60 billion dollar industry with a gross income of about 10 billion dollars a year.

It is Professor Wilson's thought that the strictly business aspect of the Fairway Farms project may persuade some other individual business men to invest in similar agricultural research enterprises.

Many business men have been asking what they can do to aid agriculture. Possibly Mr. Rockefeller's contribution-investment in the Fairway Farms Corporation points the way.

Baseball and Stocks

A FRIEND who recently returned from China says that even in Shanghai Americans are more interested in the stock market than they are in baseball.

A press association there which receives baseball scores and market quotations has just about twice as many telephone calls about stocks as about baseball.—F. C. K.



PHILADELPHIA

The Workshop of the World • A City of Diversified Industry with a Great Tidewater Port • Offers Broader Opportunity to Industrial Enterprise

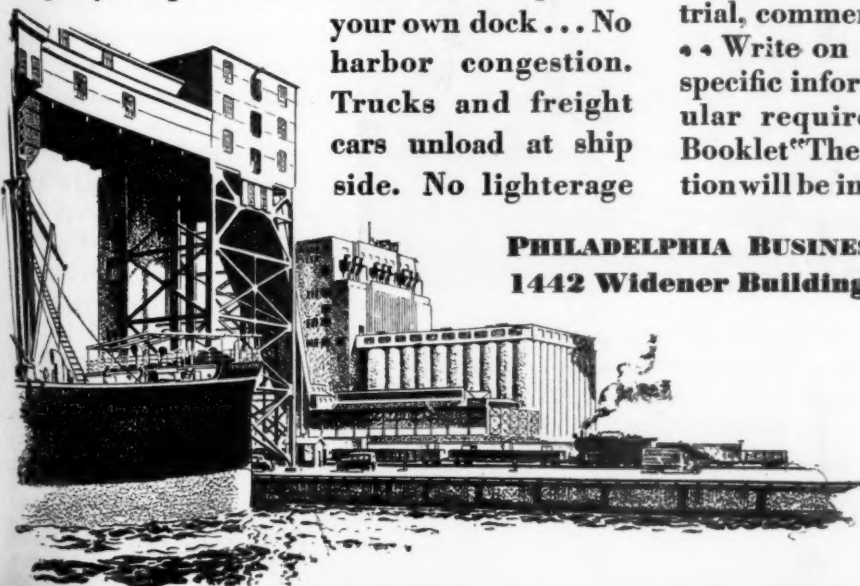
PHILADELPHIA is the strategic location for your plant or business • •

Today's necessity compels economy in production and distribution. Philadelphia offers American business and industry this necessary economy • • Here at tidewater is one of the most modern port developments in the United States. Charges are lower. Goods move faster. You can put your plant at water front... ship from

your own dock... No harbor congestion. Trucks and freight cars unload at ship side. No lighterage

required • • Philadelphia enables you to cut corners in carrying on profitable foreign trade, as well as Atlantic and Pacific coastwise trade • • Her nearby markets bring to your front door the richest consumer area in America • • Labor is more dependable • • Well-situated manufacturing sites cost less • • The Philadelphia Business Progress Association has made a comprehensive survey of the City's industrial, commercial and cultural advantages • • Write on your business letterhead for specific information based on your particular requirements and for a copy of Booklet "The Real Philadelphia." No obligation will be incurred. Inquiries confidential.

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1442 Widener Building
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Modern grain elevator at the Port of Philadelphia

What I've Learned About Business

(Continued from page 38)

I will keep on borrowing to build just as long as I have the faith I have today in the stability and genius of the United States of America. That faith has been the foundation of every business effort I ever made.

"I believe in encouraging young men within my business. I have never thought it necessary to go out and look for high-priced experts that grew up under someone else. I like to encourage the careers of my own boys.

Trained young men to manage

"TAKE Eugene R. Grace, the president of Bethlehem. He was just a young fellow in the works, but I watched him and analyzed him and after a while I made up my mind that he had the best steel mind in the whole field. I have taken immense pride in his success. He's a better business man than I am, for I have never considered myself a top-notch. I have gotten ahead, as I see it, because

I had some faculty of getting along with all kinds of men, of getting them to do what I wanted.

"I don't believe New York is the best place in the world from which to manage great business enterprises. That is why Bethlehem is managed in Bethlehem. There are too many distractions in New York for the young man who is trying to forge ahead with a heavy burden of responsibility upon his shoulders. There are too many social calls and semi-social calls; too many dinners and banquets. A man has got to keep his nose to the grindstone in the formative years. He can have a good time later.

"I was just speaking about handling men, and that brings to mind the great strike at Homestead. I had been superintendent there but Mr. Carnegie had sent me back to the Edgar Thompson Works at Braddock. After he went to Scotland, about the worst labor explosion we ever had in the steel business broke loose. There was burning and killing and general violence, and first thing

you know there was a ring of 10,000 troops around the Homestead plant and civil war raging. Mr. Carnegie wired me to get over to Homestead and settle that strike and I went over.

"The first thing I did, as soon as talk became possible, was to send for the leaders of the men, and I said to them:

"Boys, this won't do. There never was a strike in the world that paid anybody. It's as bad or worse for the men as it is for the employer. We must get together in this thing, and if you will place your confidence in me I give you my word you will get a square deal."

"Those men had some rights, whether others were willing to recognize it or not. They were not all wrong. They were, many of them, ignorant men carried away by their sense of injustice and by anger.

"Well, I settled that strike, and many years later, long after I had got gray in my hair, I got an invitation to make a speech before the Homestead Veterans, old fellows who had gone through the strike. They gave me a great time and a great thrill.

"You can't handle men by driving them with a bullwhip—not in the United States. I have never driven men. When you drive men in the sense of inhumanly forcing them to your will, no matter what the rights and wrongs of the case may be, you are grossly mis-managing labor.

Encourage men

"NEVER in my life, so far as I can now recall, have I criticized a man publicly. If a man lacks the qualities that will respond to encouragement, it doesn't take me long to see it. Humiliating him is not going to help. A man will always do his best under tempered encouragement, but you can destroy his spirit and his self-respect by nagging at him and finding fault.

"All my life I have maintained that the men under me were human beings, with something of the same desires and motives that I have had, and that they



HENRY MILLER

This is the executive committee of the advisory group of business men cooperating with the Department of Commerce in the census of manufactures. Left to right (front row) T. W. Howard, R. H. Davis, Col. L. S. Horner, Secretary Lamont, Dr. Julius Klein, W. H. Steuart, W. S. Tower; (back row) Dr. H. P. Baker, C. A. Voss, J. F. Daly, LeVerne Beales, M. A. Copeland and Dana Durand

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The National Cash Register Company is serving every kind of business in the world with the finest business machines that can be built . . . at the lowest possible prices.

Cash registers that exactly meet the needs of every size and kind of business.

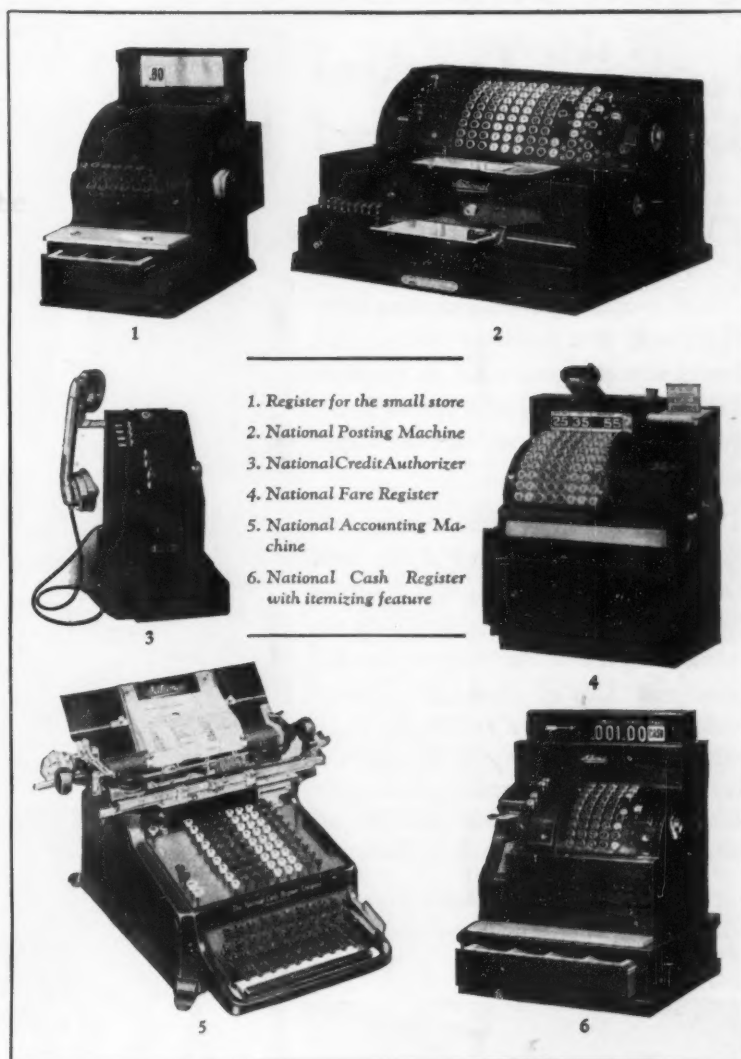
Accounting machines that produce accurate printed records in less time and at less cost for general offices and financial institutions.

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Whatever your business there is a National Cash Register that will save you time, money and effort. We will be glad to show it to you.



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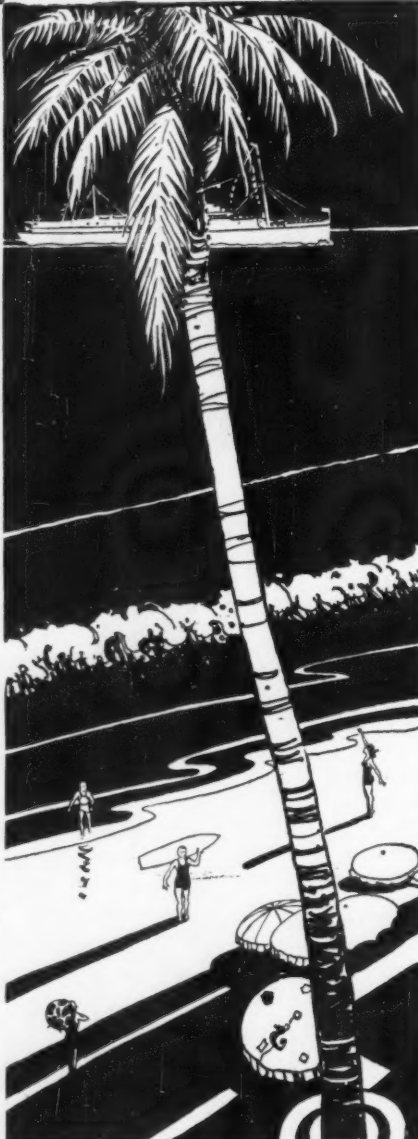
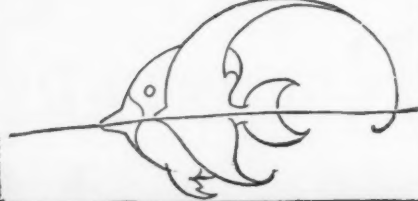
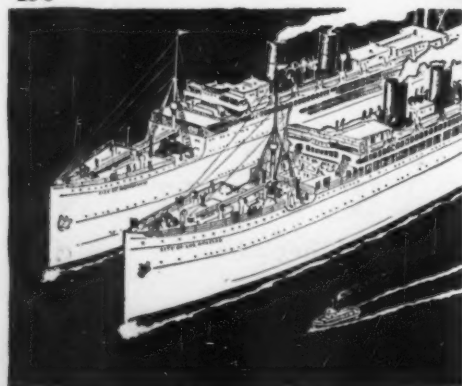
AS NEW as golf on tropic fairways, with lava beds for hazards, a sunny South Sea urchin for your caddie, and the "Pit of Everlasting Fire"... yawning crater of Kilauea, as a sure-shot hole in one! Battles with the gamest fish in the seven seas... sitting saddle over jungle trails... or spilling from a surfboard into the rolling waves off Waikiki. . . .

A trip to Hawaii via LASSCO means via Southern California, sailing direct from Los Angeles over the delightful Southern route to Honolulu. LASSCO affords the balanced service of the "City of Los Angeles" and "City of Honolulu"... companion luxury liners of the Pacific... alternating with other ships of the LASSCO fleet. You enjoy a wide selection of sumptuous accommodations and the utmost convenience as to sailing dates.

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were as likely to be right within their sphere of understanding, as I was. Many times when they didn't think the way I thought, I could see, nevertheless, that they were perfectly sincere.

"Management has come to realize what we found out at Homestead 37 years ago, that conflict between capital and labor is destructive to the best interests of each. It is too expensive. It is almost invariably unnecessary and based upon poor supervision.

"The result of our change of mind is that we have a new code of economics in American business. We see that it is up to us not merely to pay good wages, but to clothe honest labor with the dignity which truly belongs to it.

"But this does not mean the abolition of work, for work is the cornerstone of real happiness no matter whether a man is a steel puddler, as I once was, or the head of a great steel company, as I am now. It is just as important for each. True happiness lies in the payment of the best possible wages for efficient service, the preservation of steady, uninterrupted employment under the best working conditions that science can devise, the safeguarding of the health and life of the employed, some provision to lay up savings and to become partners in the business and some guarantee of financial independence in old age.

"I have gone through some rather dark chapters in American industry, and it is a great joy to me to realize that humanity rules American industrial life today.

Cooperation makes better work

"THE highest degree of actual service in this country is not necessarily rendered by those who are socially or economically strongest. I am convinced that the working men and women of the United States are the real bulwarks of our institutions, because of their thrift and common sense. The capacity of Americans to progress is not altogether due to the great economical advantages we enjoy or to the marvellous improvements in machinery and technical science. It is, I believe, due in great part to the good will which has come about between labor and capital. American industry, in fostering relationships with labor, based on good will, has enormously simplified its problems. It seems to me that nothing is quite so important and so hopeful for the future as this good will. I hope that the new order will hasten the day when we shall quit talking about the problems of labor and capital and talk more about the cooperative undertaking that both are

partners in, a cooperative enterprise in which every manager and every workman is an important and essential factor.

"Personally I recognize that status very definitely. Every month I make a complete round of the plants of the Bethlehem Steel Corporation, and wherever I go I call all hands together for a friendly meeting—workmen as well as supervisors and foremen and front office bosses—and I make a full report of the business, just as I make it to the stockholders. As a matter of fact, many thousands of my men are stockholders and they are entitled to all I know.

Still room at the top

"YOU ask me if, under the standardization of labor conditions, it is as easy for the individual to rise today as it used to be. I say easier. There are so many more opportunities. The whole field of opportunity is so much broader.

"Let me revert for a moment to the question of making money. I could have been the richest man in the United States, I honestly believe, if my mind had been set on money making alone. No man ever had such opportunities to roll up wealth. But I have never been interested in accumulating millions. It is planning and constructing and building that have always engrossed me.

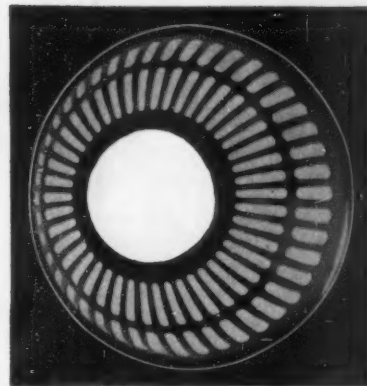
"I think I could be as happy on a few thousand a year, provided I kept my health and my friends, as I am now. So far as real happiness goes, I think the happiest time of my life was when I was a youngster under Captain Bill Jones in the old Edgar Thompson Works. I am a home body. Except for business banquets and that sort of thing I have not dined away from my home in 15 years or more. I love my friends. I love to entertain them.

"I don't believe much in giving advice and I have mighty little use for the successful man who sits back and tells young fellows that to get ahead they must follow this or that course of life. You simply can't tell others what to do. Things just happen and if you happen to be on the spot and are willing to work and keep your eyes open you are likely to ride along with the happenings.

"I am a confirmed optimist and proud of it. This is the greatest country the world ever saw and the soundest. It has the biggest heart. The world itself is a pretty good place to live in and money isn't the only thing that counts in it. But, above everything else I am thankful that I have been able to see the good in other people and to make them see that here and there they might be able to find some good in me."

NOW IS THE TIME

TO PAUSE AND
TAKE A GOOD LOOK AT
YOUR PRODUCT " " " "



" " IS IT IN
HARMONY WITH
MODERN PROGRESS?

PERIODICALLY, breathing spells come to every business. Wise manufacturers utilize these breathing spells to take a good look at their product. Is it as good as it is possible to make it? Is it in harmony with modern progress? What are the possibilities of improving the appearance, reducing the weight, and saving in manufacturing costs?

In this connection pressed metal offers unusual opportunities. And G. P. & F. engineers can help you because of their fifty years' experience in the designing and manufacturing of pressed and stamped metal products and parts. They will suggest ideas that mean money to you. They will help develop these ideas . . . speed up the work in your own designing department.

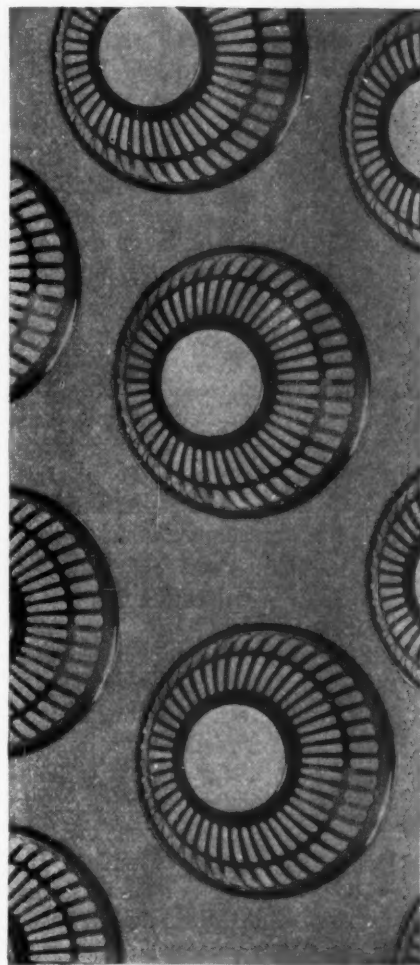
Likewise, to assist you in the economical production of your improved product or part of pressed metal, there is the G. P. & F. 19-acre plant. It contains every modern facility, ingenious and unusual methods developed through long experience and specialization. G. P. & F. capacity of over 100,000 pieces daily insures prompt delivery, even in emergencies.

Consult G. P. & F. for suggestions, or send blue print or sample part and get quotations. You will find G. P. & F. an economical, reliable source of supply.

GEUDER, PAESCHKE & FREY CO.
Sales Representatives in Principal Cities in All
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Clip this reminder for new 1930 Booklet
"In Harmony With Modern Progress"



End cover for electric motor, drawn and punched out of 16 U. S. Gauge Steel by modern G. P. & F. methods. Result: improved appearance, light, strong, easy to finish, and ready for immediate assembly without any machining by the motor manufacturer.

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STAMPINGS



19 ACRES OF
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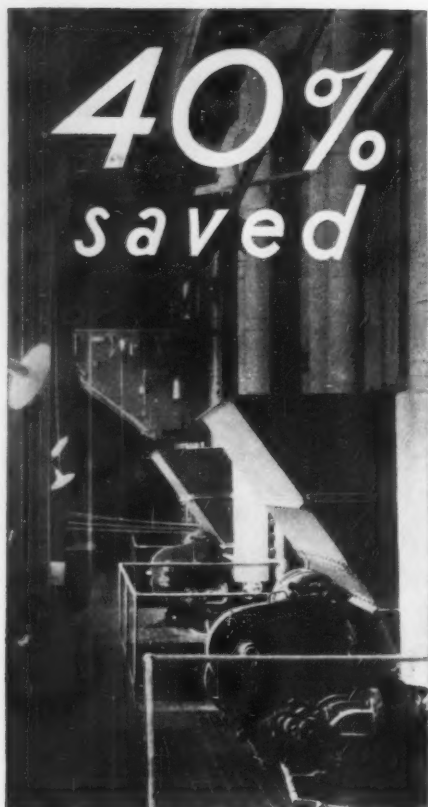
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Please send your 1930 Booklet,
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Down goes the cost of steam when you use Taylor Stokers

Your coal bill is a big item in your manufacturing costs. Unless you keep it down, you are burning up your profits.

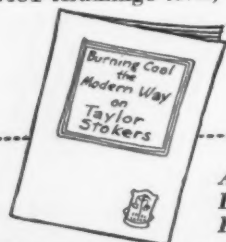
Coal-burning equipment that was standard only a few years ago is obsolete and wasteful today. Everywhere, plants are being modernized to reduce the cost of steam.

One large user of steam modernized with Taylor Stokers, as shown in the illustration above, and reduced their coal bill 40%. They also saved \$5,000 a year in wages. Another plant saved \$80,000 a year, or 35% on the cost of revamping. Taylor Stokers are made for the small plant as well as the large one. Write us.



AMERICAN ENGINEERING COMPANY

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Send for this booklet, written for the executive as well as the engineer.

American Engineering Co.
Philadelphia, Pa.

Please send me your booklet
"Burning Coal the Modern Way."

Name.....

Firm.....

Address.....

City.....

State.....

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When writing please mention Nation's Business

A New Way to Cut Selling Costs

(Continued from page 62)

portant help to our retailers, for if the surplus stock on the shelves of American druggists could be converted into quick-selling merchandise or cash it would pay their entire indebtedness.

However, we offer other inducements to Ure Druggists. In the first place we offer him all the credit services of the old-line jobber. At times this is essential. In addition we offer him a workable plan which places him on an equal footing with the chain druggist. The average independent druggist has been in the lone-wolf rôle whether he liked it or not. Under our system, however, although he will still own his own store, his stock, his soul and maintain his pride of proprietorship, he will have back of him the combined experience and the accumulated knowledge of nearly a hundred wholesalers and thousands of other retailers. This costs him very little.

Retail establishments that wish to enter the Ure Druggists organization pay a membership fee of \$25, which is not returned. Then they put up a sum, usually \$100, which serves as a sort of bank balance. The sum on deposit must be as great as the weekly, semimonthly or monthly average purchases.

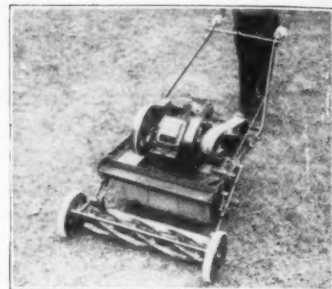
Guaranteed dividends

This system insures quick collections, which in turn help to make possible our payment to Ure Druggists of monthly dividends of at least eight per cent on the volume of their purchases. This dividend is guaranteed to all retailers participating and is paid by the member wholesaler. No attempt is made to insure a definite volume of purchases by any retailer. In fact, the tendency is the other way. Since our wholesalers' success depends on the regularity and consistency of the flow of merchandise, they take care that retailers shall not buy in too great quantities.

This switching of emphasis has eliminated the salesman who formerly sought the retailer's ear only to entice him to buy more merchandise. Our mutual-service wholesale houses can cut down their selling forces by 50 or 75 per cent. The remaining men cease to be salesmen in the accepted sense. They become practical, common-sense merchandising counsellors.

Retailers learn to buy instead of

A LAWN BUILDER AND A LABOR SAVER



THERE is no better mower for medium-large-sized grass areas than the Ideal "Thirty" Roller type. It smooths the bumps and hollows as it cuts.

Cuts close to walls and walks—maneuvers easily around trees and bushes.

The world's most complete line of power grass cutting equipment, including power mowers in three sizes (roller type, wheel type and Triplex). Send today for illustrated catalog.

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450 Kalamazoo Street, Lansing, Mich.

Branches:
413 West Chicago Ave. Chicago, Illinois
273 Boylston Street Brookline, Mass.
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161 Vester Street Ferndale (Detroit) Mich.
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More people
buy 048
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Easy writing
—that's
why!

Esterbrook PENS

Have your secretary send 10c for assorted samples to find your personal pen. Esterbrook Pen Co., 50 Cooper Street, Camden, N. J.

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merely offering resistance to the selling efforts of others. They conclude that merchandising success does not lie wholly in buying for discounts but in intelligent selection, store management and turning the stock frequently enough to give a fair return on the investment.

All of these things result in economies all along the line. The wholesale house needs no collection department, no salesmen, and has no bad debt losses. Slow-moving merchandise is speeded up by superwarehousing. These lower costs of operation are passed along to the retailer.

In the majority of cases as costs are lowered and surplus stock and receivables converted into cash, retailers have sizable amounts of capital freed for improving their stores, diversifying stocks and for private investments.

A variety of services

But our merchandising helps will not stop with pointing the way to more efficient operation. Our executive offices under our program will send out window display services, local newspaper advertising material and institutional advertising copy. A bulletin dealing with current problems will be issued twice monthly. In every town of 10,000 or more where there are at least two Ure Druggists, newspaper space will be used twice a month without cost to the local merchants and the member wholesalers.

As a further merchandising aid Ure Druggists, Inc., have bought the Burrough Brothers Manufacturing Company, of Baltimore, makers of pharmaceuticals. This house, one of the oldest in its line in America, will manufacture a line of household remedies and package drugs under the Ure Druggists' label. The plant may easily be adapted to include any product which member stores need to meet competition. The factory may justly be considered an "ace in the hole."

It is, however, merely another step toward our objective as a distribution organization from factory to wholesaler to retailer to consumer. There is no threat to the manufacturers of the nation. In the vast majority of cases they welcome our presence in the field. Our retail members will be taught to sell nationally advertised merchandise whenever possible and to give cordial cooperation to manufacturers' sales and advertising plans.

We propose to form close ties with the makers of the products we handle, for absolute confidence and sincere cooperation is vital to any plan sketched

THE HIGH SPEED MACHINE



FOR ALL FIGURE WORK

Watch Your Accounting Costs

BUSINESS management is compelled, by increasing stress of competition, to call upon Accounting Departments for more figures—more comprehensive figure facts—upon which to rest its decisions.

How to hold down the rising costs of this growing burden is of vital concern to those in charge of accounting.

To successfully meet the issue, three things are necessary:

1. Careful examination of accounting routines to eliminate unnecessary operations and back-tracking movements in the flow of work.
2. Machines that will give you high-speed production on all Adding and Calculating with accuracy.
3. A service that supplies operators trained to use efficiently, the speed advantages of such cost-reducing equipment.

All these requirements, and more, are met at every point by the Comptometer and Comptometer service:

- Comptometer salesmen will be glad to advise or assist you in an analysis of your routines, without commitment in any way on your part.
- The Comptometer is known for its high speed safeguarded by automatic controls that make its speed useable with safety.
- Through a nation-wide chain of Comptometer Schools, operators are kept constantly at the command of Comptometer users, without charge.

If you are interested in lower figure work costs, why not talk it over with a Comptometer man? His experience, derived from constant contacts with this problem, may suggest some profitable ideas adaptable to your work.

FELT & TARRANT MFG. CO., 1712 N. Paulina St., CHICAGO, ILL.



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made by
Felt & Tarrant
it's not a
Comptometer

Only the
Comptometer
has the
Controlled-Key
safeguard

CONTROLLED-KEY
Comptometer
REGISTERED TRADE MARK
ADDING AND CALCULATING MACHINE

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OKLAHOMA STANDS OUT!

-a state of unique wealth and opportunity

The youngest state in the South—her statehood dating only from 1907—Oklahoma creates today more raw material wealth per capita than any other state in the South.

Agriculturally ranking among all states—tremendous oil, gas and other mineral resources are bringing to Oklahoma an economic development which has not been exceeded by any other state in the Union in a like period of time. With 2% of the Nation's area and 2% of its population, Oklahoma produces 10.2%, or five times its normal share, of the Nation's minerals. It leads all other areas in the world in fuel production, accounting for 20% of the Nation's natural gas, 18% of the entire world's petroleum, and possessing estimated coal reserves of 79,000,000,000 tons. Yet Oklahoma's development is in its infancy.

Industries which can advantageously use cheap, clean, dependable, flexible fuel should investigate the State of Oklahoma, the largest producer of natural gas. Inquiries concerning the opportunity in Oklahoma for industries of any kind will receive prompt and confidential service from our Industrial Department.



OKLAHOMA

NATURAL GAS  CORPORATION

Tulsa.....Oklahoma City

Serving 56 Oklahoma Cities One of the World's Largest Distributors of Natural Gas

When writing to OKLAHOMA NATURAL GAS CORPORATION please mention Nation's Business

on such a vast canvas. The record of the Memphis Mutual-Service Drug Company gives eloquent testimony to the efficiency of our system. Here an actual twelve-months' test has been conducted in a territory where credits are known to be bad and competition severe.

Sales are climbing

THE record of this firm's sales for three months of last year, when the mutual system was introduced, contrasted with sales during the corresponding three months of this year may give food for thought to those who are congenitally opposed to change.

1928	Mutual	Service	Total
August	None	\$91,000	\$91,000
September	\$8,000	78,000	86,000
October	36,000	64,000	100,000
1929	Mutual	Service	Total
August	91,000	52,000	143,000
September	107,000	50,000	157,000
October	115,000	53,000	168,000

One of the happiest results of the plan is the effect it will have on the morale of the independent retail druggist. Instead of worry and trouble over chain stores, mail-order houses and red ink, he will get checks from his wholesaler and a new lease on life.

The fact that more than 90 per cent of the drug outlets of the country are still independently owned is proof that there is ample intelligence in the retail and wholesale field.

Under our system, both wholesalers and retailers can handle their present volume of business more efficiently on a fraction of their present investment, and by the same token can increase their volume of sales by better service to the public.

That alone will insure cheaper distribution. The amazing bill for waste in distribution may yet be turned into lower prices for the public and at the same time greater profits for retailers, wholesalers and manufacturers.

The Latest in Letters

A SWANKY touch in modern advertising, especially in circular letters, is not to say "write today for prices," but "have your secretary write for prices."

The assumption that the man who receives the circular has a secretary and is too engrossed in big affairs to be bothered with petty details is supposed to be a nice little sop to vanity and therefore good business.—F. C. K.

Milking With a Clothes Wringer

(Continued from page 31)

with which to check the returns made to us we are likely to discover when we come to a state boundary that we have run against a wall of secrecy. In other states the tax administrators have a similar problem. So, many of the states are now planning to exchange information concerning the earnings of the corporations we are dealing with. A reciprocal law that would permit such exchange of information by tax officials, and for tax purposes only, probably will be written into the statutes of New York and other states soon.

I had a big case lately in which a corporation asserted that it was doing no business at all in New York state. All of its earnings, I was assured, were coming from a state west of the Mississippi. It was impossible to accept that view. I had their earning record before me. They are running their business in New York state. Under the protection of its laws they are operating a profitable business. Clearly some of the earnings are the result of activities in that western state.

If the cost of making and selling an article is \$100 and \$20 of that cost is incurred outside New York the company is allowed to prorate its earnings somewhat in accordance with those costs. In such a case one-fifth of the company's profits would be treated as exempt from our franchise tax.

Converting the officials

"THIS is the way this looks to me," I said to the officials of that company and proceeded to set forth the basis on which I felt their net income should be prorated.

"No," they said. "We won't pay it. We aren't doing any business in New York."

"Well," I told them, "if you don't pay here you will have to pay in that western state."

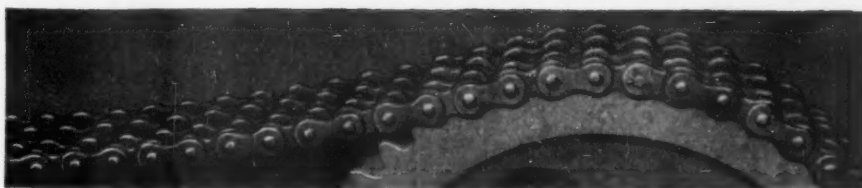
"What do you mean?"

"I mean that they will find out that you have been making all your money in that state."

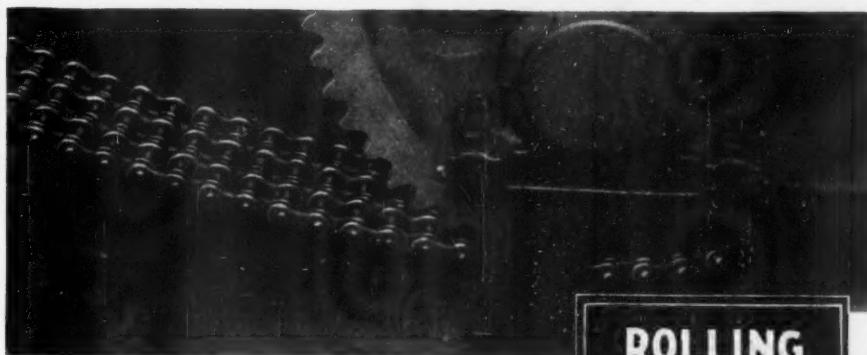
"What about the secrecy provision of the tax laws?"

"You may be sure that will be observed."

There is nothing in the law that would prohibit me from informing the tax collector of that other state that the



Don't risk your profits on chance-selected transmission



**ROLLING
SURFACES
DISCOURAGE
WEAR**

POWER transmission shoulders a heavy responsibility in every plant. On its steady, unfailing performance depends the unbroken flow of production. Any delay or break in its performance is felt throughout the entire production line.

Yet this vital link in the production chain is exposed, more than any other equipment, to abuse, neglect . . . conditions which may result in costly delays. To eliminate these risks as far as possible, transmission should be selected, not haphazardly, but only after thorough investigation.

Diamond Roller Chain embodies three preventives of wear and breakdown.

First, every link in Diamond Chain is virtually a roller bearing.

Second, Diamond Chain is simple in design. Each link consists simply of a roller, a bushing and a pin link. There are fewer parts

to wear and get out of order.

Third, each part of Diamond Roller Chain is made of the best material for the specific purpose—rollers of wear-resisting hardened steel—links of the toughest steel.

This high-speed chain is positive in its drive, delivers 100% of speed over long periods of time, and 98-99% of applied power. It is designed for speeds up to 3600 R.P.M. and in capacities up to 408 horse power.

It is flexible, may be used on long or short centers, running over and under sprockets, on multiple centers. It is light in weight . . . compact . . . quiet.

DIAMOND CHAIN & MFG. CO.
417 Kentucky Avenue : Indianapolis, Ind.

TRADE  MARK

DIAMOND CHAIN

ROLLING ~ AT POINTS OF CONTACT



Booklet No. 102-A

"Reducing the Cost of Power Transmission," is of interest to every power user. A copy will be sent upon request.

DIAMOND CHAIN & MFG. CO.,
417 Kentucky Ave.,
Indianapolis, Ind.

Please send booklet No. 102A—"Reducing the Cost of Power Transmission."

Name

Address

City

State

(A-803)

When writing to DIAMOND CHAIN & MFG. CO. please mention Nation's Business

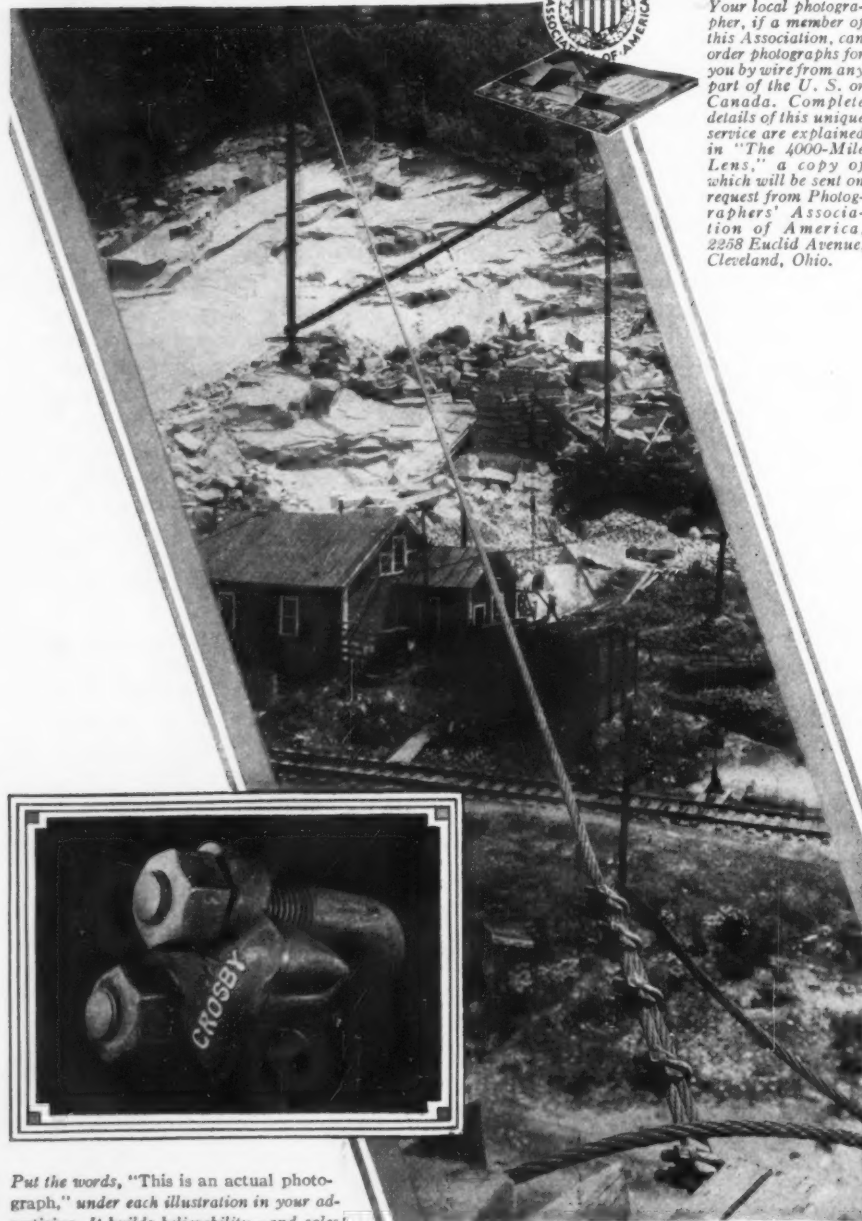
PHOTOGRAPHS show buyers how to use what you make. The camera puts over the most complicated sales point clearly and convincingly. It avoids errors and long-winded explanations. Everyone understands photographs. And everyone believes them. You may doubt an artist's picture or a salesman's eloquence, but photography always inspires faith. Tell your story with photographs!

PHOTOGRAPHS TELL THE TRUTH

INTERNATIONAL



Your local photographer, if a member of this Association, can order photographs for you by wire from any part of the U. S. or Canada. Complete details of this unique service are explained in "The 4000-Mile Lens," a copy of which will be sent on request from Photographers' Association of America, 2258 Euclid Avenue, Cleveland, Ohio.



Put the words, "This is an actual photograph," under each illustration in your advertising. It builds believability—and sales!

When writing to PHOTOGRAPHERS' ASSOCIATION OF AMERICA please mention Nation's Business

Blank Corporation was refusing to pay a tax in New York on the ground that all its money was being made in the western state. I think they are going to pay a tax here.

Such incidents demonstrate the difficulties of enforcing a franchise tax, or any income tax on business. As fast as the legislative bodies plug up certain holes astute tax lawyers find others.

So much for this kind of taxation. I have already pointed out that real estate is being taxed to the point of confiscation and that there is urgent need for increased revenues to operate the machinery of government. Is there no hope? I see one.

In 1929 there was placed on the statute books of New York what to my mind appears to be a just, equitable and properly applied tax. I refer to the tax on gasoline. It may, and probably does, require some modification, but the principle of consumption taxation is fully manifest in this statute and I venture the suggestion that today there is less offense in its enforcement than in that of any other tax act in our whole system.

The man who uses the highways, whether resident or nonresident, contributes according to the use, and if the use be only that of pleasure he himself may decide how much he will contribute. Furthermore by almost the exact amount of these funds collected and distributed toward highway construction and maintenance the burden upon real property is reduced.

Relief for property owners

NEW York State produces nine billion dollars' worth of commodities a year and consumes more than twice that amount. Consequently if we were to apply a low rate of production tax and a consumption tax we could well afford to give relief to the owners of real estate and we could release manufacturing corporations entirely from the present system of franchise tax. This should be done.

The franchise taxes, on other than business corporations, should be readjusted by providing for a disallowance of deductions for loans made by officers and debenture bonds in determining net worth and, by express terms in the law, interest paid on all such obligations should be treated as constructive dividends on stock. Manufacturing companies should be taken out from under the franchise tax on business corporations and subjected to a low rate capital stock and excess dividend tax and a

low rate production tax. Some reclassifications should be made.

The production tax should be levied upon all production except that there should be a basic exemption to the extent of \$5,000.

I am satisfied that the personal income tax has a real place in any balanced scheme of taxation, but I believe that if proper means are used, it might well find no application to net incomes below \$10,000.

To my mind the addition of sales or consumption taxes, under a classified system, with rates varying from one-half to eight or ten per cent, would be more easily administered, and, under proper organization, much more cheaply enforced than income taxes on business. It is certain that many schemes of evasion would be eliminated and that exactitude would be substituted for existing artificial schemes.

If we were to do these things I think our tax collecting would be on a saner basis. We would no longer be like a farmer who leaves many of his cows in the meadow at milking time, but who goes after certain others with a clothes wringer instead of a proper milking machine.

Fishing With Electricity

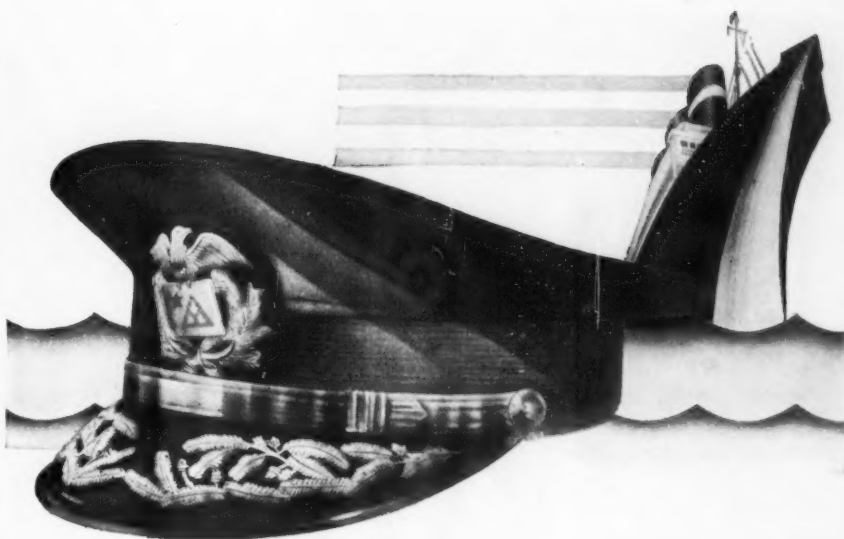
FOLK who catch tuna for market find no great fun in landing a 300-pound fish, or even a fifty-pounder, for that matter. Getting the big ones over the side of the boat is more like work than sport. Now the General Electric Company has taken a hand in the game at the behest of fishermen operating off the coast of Mexico.

An apparatus has been designed to electrocute the fish once they are firmly hooked on the lines. With the fight gone, it is comparatively easy to land even the big ones.

The fishing boats are now supplied with 110-volt direct current. On one side of the circuit is attached a small steel plate.

This plate is thrown into the water alongside the boat. The other side of the circuit is connected to the steel hook by means of a small insulated wire. When the fish is hooked, a switch is closed, sending enough current through the fish to stun it. The same equipment has been tried on swordfish weighing from 300 to 1,000 pounds. Fish of that size usually require seven or eight hours to land. By using electricity fish of similar weight have been landed in approximately five minutes.

—R. C. W.



THE COMMAND AND CREW

Personality! That human quality that enriches all contact between man and man . . . nowhere is it more vividly exemplified than in the command and crew of the United States



Lines. Selected for command because of a seven-seas reputation for courage, leadership and resourcefulness. Chosen for service on deck, in salon or in cabin because of an inborn graciousness, civility and tolerance. You'll sense the difference . . . be conscious of an unobtrusive spirit of highly talented service when you travel to Europe on a United States Liner, be it the Leviathan, world's largest, or one of these magnificent cabin ships—George Washington, America, Republic, President Roosevelt and President Harding. Superfine service and staunch safety ride with you when you go to Europe . . . under the Stars and Stripes!

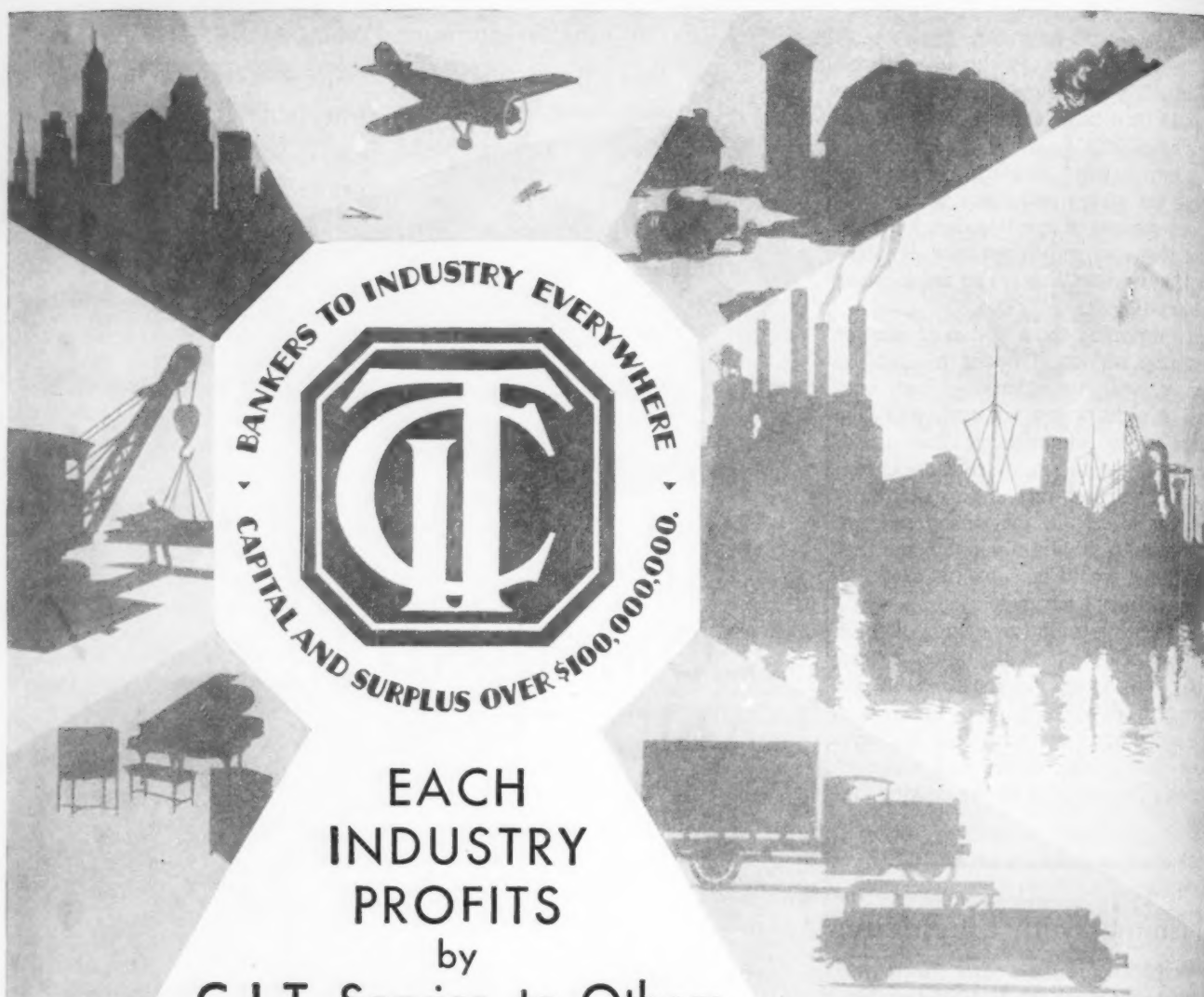
Consult your local Steamship Agent or

UNITED STATES LINES

45 BROADWAY

NEW YORK, N. Y.

When writing or calling on a UNITED STATES LINES agent please mention Nation's Business



EACH
INDUSTRY
PROFITS
by
C. I. T. Service to Others

The C. I. T. Group of Companies finance credit sales of more than 70 types of manufactured products.

This wide diversification of industries served makes for a steady employment of C. I. T.'s capital funds. The result is consistently low finance rates to all clients. / / / / /

Moreover, to a responsible manufacturer or merchant in any approved line it means assurance that temporarily unsettled conditions in one industry or another, or in one section of the country, will not deprive him of continuous C. I. T. Finance Service at time of particular need.

With capital and surplus now exceeding \$100,000,000, C. I. T. is a great national reservoir of liquid funds, on which widely different industries draw at the times and in the amounts that their varying needs require. / / / / /



Financing credit sales of aircraft, agricultural implements, automobiles, commercial equipment, furniture, household appliances, machinery, musical instruments, refrigerators and many other products.

COMMERCIAL INVESTMENT TRUST
CORPORATION

Executive Offices

One Park Ave., New York

Subsidiary and Affiliated Operating Companies with Head Offices in New York... Chicago... San Francisco... Toronto... London... Berlin... Paris... Brussels... Copenhagen... Havana... San Juan, P. R... Buenos Aires... Sao Paulo... Sydney, Australia. Offices in more than 150 cities.

When writing to COMMERCIAL INVESTMENT TRUST CORPORATION please mention Nation's Business

What Wall Street Is Talking About

By MERRYLE STANLEY RUKEYSER

EMERSON'S law of compensation works in Wall Street too. The high degree of variability of the stock market, which is capable of mercurial flights from boom to panic and back to boom again, is the price that is paid for a free market.

After the recent debacle, the New York Stock Exchange received a flood of suggestions from brokers and customers for curbing the costly fickleness of the market place. Political scientists on Capitol Hill also concerned themselves with the changeability of the market place, and sought by law to steady the nation's financial nerve center. The proposed legal remedies constituted an attempt to renew experiments which had been unsuccessfully tried in other countries after dramatic panics. Senator Carter Glass of Virginia, sought to penalize the in-and-out trader by levying a special tax of five per cent on the amount involved in such transactions.

Equally fantastic proposals have been made for voluntary changes in the rules of the Stock Exchange. One suggestion was that the big board emulate the New York Cotton Exchange, and arbitrarily limit fluctuations in a single session to three points. After the limit has been attained, trading would be suspended for the day in that particular issue. The essential objection to all these proposals is that in order to minimize the violence of a decennial breakdown the guardians of the market place would be asked to place it permanently in a strait-jacket.

As it stands, the Stock Exchange is an extraordinarily interesting experiment in the self-regulation of business. The threats of outside interference are healthy, as long as they are not carried out, for they give drive and energy to the argument of the wise governors of the Exchange that unless members curb their selfish interests voluntarily the State will do so.

The price which must be paid for a free market is that it must reflect passing hysteria as well as analytic judgment. The Stock Exchange is a

thermometer, which registers the heat of financial passion. If the thermometer reflects fever heat, it is futile to smash the thermometer, as has been so widely and naively proposed. The remedy lies in giving medication to the financial public, which has become ill. In meeting crises, the financial doctor must learn to distinguish between symptoms and causes.

IN ACCORDANCE with the philosophy of freedom, the main purpose of the Stock Exchange is to create the facilities for fixing prices each day for listed stocks. There have of course been proposals for synthetic price fixing by a federal government board. During the war, the Government at Washington experimented with commodity price fixing, but there was nothing in the experience which encouraged a continuance of the policy after the emergency.

In fact, war stimulus left several

branches of agriculture, which had been bolstered by minimum prices, dangerously overexpanded. There is something arbitrary and unnatural in the effort of a government bureau to visualize all the factors involved and correctly to gauge the weight of forces which are still in motion. A free market, on the other hand, makes provision for every factor, near and remote, to express itself through natural channels, and to participate in the price-fixing process.

The New York Stock Exchange does not make prices. It merely polices the process, and makes sure that its own members, who have the exclusive privileges of the floor, proceed in accordance with "just and equitable principles of trade." The 850 active floor members occasionally operate on their own behalf as independent speculators, but the overwhelmingly larger proportion of their activity is in the rôle of agents for outsiders.

In reality, the Stock Exchange is



HARRIS & EWING, WASHINGTON, D. C.



EX-FIREBOY and engineer, Frank McManamy becomes chairman of the Interstate Commerce Commission, being the only member with railroad experience. For 37 years he has held his union card. He succeeds Commissioner E. I. Lewis, who retired

To stockholders of Close Corporations:

*Are you confronted
with this weak spot?*

WHAT HAVE YOU DONE to assure the heirs of each stockholder of your corporation the full predetermined value of his stock holdings?

WHAT HAVE YOU DONE to provide for the purchase of the shares of a deceased stockholder by the remaining stockholders, to prevent the reduction of working capital?

WHAT HAVE YOU DONE to prevent the introduction of unknown, outside interests in your business by the open market sale of your corporation stock held by a deceased stockholder?

♦ ♦ ♦ ♦ ♦

THESE questions are pertinent to the continued success of your business. Realizing this, The Equitable has a plan to remedy this close corporation *weak spot*. Send today for our booklet, "To Officers of Close Corporations."

The Equitable Trust Company

OF NEW YORK

11 BROAD STREET

A merger of The Seaboard National Bank and The Equitable Trust Company

LONDON · PARIS · MEXICO CITY

Total resources more than \$900,000,000

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When writing to THE EQUITABLE TRUST COMPANY OF NEW YORK please mention Nation's Business

nothing more than a national public forum, at which buyers and sellers post their views concerning what prices individual stocks should sell at. In days of quiet markets, buyers and sellers, though nominally in eternal conflict with each other, are nearly in agreement over the debatable question of a fair price.

Relative price stability not only reflects agreement as to price, but also indicates an approximate balance between the desire to buy and the urge to sell.

♦

ACCORDING to the movie conception of Wall Street, speculation is merely the process of fleecing lambs. Unquestionably, those who are in position to know have an advantage over those who act on idle rumors, false tips, and emotional hunches. Although it is commonly assumed that in this perpetual transference of ownership, the big fellow is taking advantage of the little fellow, actual data by no means supports this conclusion.

As a matter of fact, the little odd-lot cash investor more frequently profits at the expense of the big speculator. In the long run, the investor class, which keeps its eye focused on intrinsic worth, usually profits at the expense of the speculator class, which is fooled by the hope that it will always be able to unload on the still more optimistic.

In fact, one outstanding Wall Street economist, turning his back on popular opinion, remarked to me that speculators are martyrs to progress and ought to be subsidized by society, instead of nagged, for they are the goats who make it possible for investors to make sizable profits.

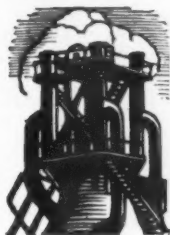
As for the shorts, instead of being taxed, he thought that they ought to be paid a premium, for they help to stabilize markets.

♦

IN ORDER to get actual data on whether the investor exploits the speculator, the New York Stock Exchange made a study of the changing floating supply of United States Steel stock through the years. The Steel Corporation is the only company which periodically publishes figures showing the amount of stock held in "street" names—the speculative floating supply—and the amount held in the names of actual investors.

In pointing out that the survey revealed a significant relationship between price changes and the percentage of investment holdings, J. E. Meeker,

Better than average investment results through management



THE purposes of the general management investment companies of the American Founders group are to invest the combined funds of many individuals with safety, and to obtain the maximum income commensurate therewith.

Having no interests beyond the secure and profitable employment of funds, the companies bring organized experience and dispassionate judgment to bear directly on these objectives. The history of the group ever since 1921 shows that better than average earnings can be achieved without the sacrifice of safety, by constant skilled attention to investment values and opportunities.

An extensive economics and statistical organization has been built up by American Founders Corporation for the administration of its

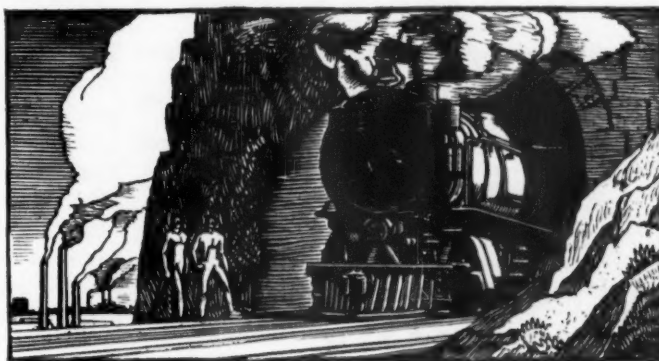
own investment portfolio and those of the four subsidiaries. A force of specialists and analysts is equipped for the continuous observation of many investment fields, domestic and foreign. Proper management means not only the careful selection of investments, but the supervision of all holdings, so that when conditions warrant the funds may be shifted by the directors to the best advantage.

Consolidated resources exceeding \$200,000,000 permit favorable diversification and advantageous purchase of selected bonds and stocks.

A copy of the annual report of Amer-

ican Founders Corporation for the fiscal year ended November 30, 1929, may be obtained by addressing Founders General Corporation, 50 Pine Street, New York City.

DECORATIONS BY ROCKWELL KENT • CUT IN WOOD BY J. J. LANKES



THE AMERICAN FOUNDERS GROUP

Including

AMERICAN FOUNDERS CORPORATION



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SECOND INTERNATIONAL SECURITIES CORPORATION

UNITED STATES & BRITISH INTERNATIONAL COMPANY, LTD.

AMERICAN & GENERAL SECURITIES CORPORATION

◀ Sharing the Prosperity of Many Companies, Many Industries, Many Countries ▶

When writing to FOUNDERS GENERAL CORPORATION please mention Nation's Business



BALTIMORE Offers Ideal Living Conditions

INDUSTRY demands good living conditions for employes. Happy, satisfied workers mean increased production and lower operating costs. ☐ Baltimore offers ideal living conditions—moderate costs; extraordinary educational advantages; small homes, substantially built, purchasable on favorable terms; excellent transportation; large parks and abundant water frontage for recreation; beautiful suburban developments and charming country estates. ☐ "Nowhere in America, so far as I know, are living conditions as comfortable and as inviting as in Baltimore," said Earl



A booklet "Locate in Baltimore," describing the city's industrial advantages, will be sent on request.

D. Babst, head of the American Sugar Refinery, which has a \$10,000,000 plant in Baltimore. ☐ Baltimore Trust Company will help you inquire into the advantages that have caused many large companies to establish plants in Baltimore. The new 34-story Baltimore Trust Building, too, provides a modern home for your branch office.

BALTIMORE TRUST COMPANY

MEMBER FEDERAL RESERVE SYSTEM

Is the department store doomed?

OR by increased efficiency, can its rapidly growing operative costs be controlled?

Read what Walter Hoving, Executive vice president of R. H. Macy & Co., Inc., says about it in the March NATION'S BUSINESS.

economist of the New York Stock Exchange, observed:

"In general, investment holdings show increases as prices decline, and show decreases as prices advance. On the other hand, speculative holdings are usually larger at high prices and smaller at low prices.

"The natural inference from this striking relationship is that investors usually profit and speculators lose, when the former exchange securities with the latter. But it cannot similarly be concluded from the evidence, that all investors usually profit and all speculators usually lose, because investors sometimes exchange securities through the stock market with other investors, and speculators do so with other speculators. During advancing prices, for example, the profits of 'bull' speculators may be offset by the losses of the 'bears' and vice versa during declining prices."

AFTER THE untimely death of Chellis A. Austin, the Equitable Trust Company invited Winthrop Aldrich, forty-four-year-old brother-in-law of John D. Rockefeller, Jr., to become president of the bank. Though he had been counsel for the Equitable for eight years, he never had actually held a job in a bank before. The young lawyer-banker is the son of the late Senator Nelson W. Aldrich, whose name is associated in the public mind with monetary reform.

Among the ex-lawyers who have become outstanding captains of trade and finance are: Jackson Reynolds, president of the First National Bank; Melvin A. Traylor, president of the First National Bank of Chicago; Henry M. Robin and E. J. Nolan, leading California bankers; Myron C. Taylor, chairman of the finance committee of the United States Steel Corporation; Owen D. Young, chairman of the General Electric Corporation, and of the Radio Corporation of America; F. W. Sargent, president of the Chicago and Northwestern Railroad; A. R. Graustein, president of the International Paper and Power Company; Earl D. Babst, chairman of the American Sugar Refining Company; and H. C. Lakin, president of the Cuba Company.

AN ASTUTE and conservative commercial banker, who watches the passing show in finance dispassionately from behind his desk, expressed surprise at the extent to which wealthy men during the speculative period had left themselves out on a limb, jeopardizing their entire fortune. The stature of an out-

standing personality in the amusement industry was deflated with the collapse of the bull market.

Whenever stock averages reach new high levels, this advice to successful speculators ought to be broadcast, "Cash in part of your paper profits, and buy an annuity in a strong life insurance company as a hedge against your own mistakes in judgment."

THE HEAD of a successful grocery chain has expressed alarm over the prospective competition from voluntary chains.

WHEN I was in Paris recently, I discussed with a spokesman of the Bank of France the possibility of changing the obsolete tax laws which prevented France from becoming a capital-exporting nation. He indicated that the Bank of France favored a thorough revision of the tax laws and hoped that Paris would become a great financial center. With twice as much gold as England, the war-torn country looms up as a financial giant, and before the present year is over the new tax policy may be carried out by Parliament.

The effect of such a change would be enormously to loosen up world credits and to promote world trade, particularly since the collapse of the bull market in America will also contribute substantially to world monetary ease. In 1929, the world was starved for credit on account of the bull market in New York, which temporarily made America a capital-importing rather than exporting nation, coupled with the situation in France, which encouraged gold hoarding.

An English view of the French policy was recently set forth by Hartley Withers, leading London economist, in a cable to Universal Service, in which he said:

"With the run on Europe for money to be used in Wall Street, the continental banks, instead of cooperating and economizing in gold, scrambled against each other, making their position worse than it needed to have been and drying up the flow of international capital so essential to the development of trade.

"Of this ill-timed financial absurdity France was conspicuous as the leader, and the outlook in Europe for better times depends greatly upon her future policy.

"It is really pitiful to see an enlightened people reduced by the banking authorities to the level of the gold-hoarding Indian and peasant. Let

Guaranty Trust Company of New York

140 Broadway

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, December 31, 1929

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	\$430,004,522.35
U. S. Government Bonds and Certificates	170,535,098.93
Public Securities	32,134,571.76
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	49,231,298.14
Loans and Bills Purchased	1,105,394,234.05
Real Estate Bonds and Mortgages	971,139.99
Items in Transit with Foreign Branches	7,504,444.90
Credits Granted on Acceptances	192,624,587.30
Real Estate	13,537,529.75
Accrued Interest and Accounts Receivable	7,381,904.44
	<u>\$2,017,119,331.61</u>

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	32,636,023.50
	<u>\$292,636,023.50</u>
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.	13,310,986.57
Agreements to Repurchase United States Securities Sold	53,709,635.61
Acceptances	192,624,587.30
Liability as Endorser on Acceptances and Foreign Bills	155,548,545.34
Deposits	\$1,224,551,049.63
Outstanding Checks	84,738,503.66
	<u>1,309,289,553.29</u>
	<u>\$2,017,119,331.61</u>

This Company transacts a complete commercial banking business—international and domestic—and renders every trust service for corporations, individuals and governments.



OTIS & CO.

Established 1899

MEMBERS

New York Stock Exchange
Chicago Stock Exchange
Cleveland Stock Exchange
Detroit Stock Exchange
Philadelphia Stock Exchange
Cincinnati Stock Exchange
New York Cotton Exchange
Chicago Board of Trade
New York Curb Exchange

NEW YORK

Denver
Kansas City
Toledo
Louisville

CLEVELAND

Detroit
Columbus
Davenport
Milwaukee
Colorado Springs

CHICAGO

Boston
Philadelphia
Buffalo
Canton
Hartford
Cincinnati
Akron
Massillon
St. Louis

JOHN HANCOCK SERIES

YOUR ESTATE today and tomorrow

YOU naturally expect your present estate will grow considerably before it is turned over to your heirs and dependents. Why not guarantee that growth, with life insurance? You can create any desired estate *today* with a John Hancock policy.

John Hancock
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

INQUIRY BUREAU
197 Clarendon St., Boston, Mass.

Please send booklet, "This Matter of Success."

Name.....

Address.....

N.B. OVER SIXTY-FIVE YEARS IN BUSINESS

A COMPLETE INDEX,

cross referenced, of the subjects covered by NATION'S BUSINESS in 1929 is now being prepared. It will make your back numbers of the magazine a valuable and easily reached source of useful information.

Sent free on request.

NATION'S BUSINESS
Washington, D. C.

us hope that this absurdity will soon be ended.

"France has acquired immense financial strength and raised the franc to an impregnable position. Surely it is high time to use her strength by resuming her pre-war rôle of a great lender, instead of pursuing her unprofitable and expensive hoarding."

THE BANK of France denies that it has been actively encouraging gold imports. It has merely assumed a passive rôle.

But its very passivity was a determining factor in world capital movements, for its failure to invite member banks to discount paper, rather than import gold, had the practical effect of stimulating hoarding.

IN THE Clayton Act, Congress paid its respect to organized labor by observing formally that labor is not a commodity. That fiat was a gesture to enhance the dignity of human beings. Yet workers, with services for sale, cannot escape the workings of the laws of economics. High wages stimulate the search for labor-saving machinery, and each advance, though ultimately a service to the public, entails an inconvenience to individuals temporarily dislodged from their jobs by technological improvement. Ultimately, such transitions may be made a charge on industry.

The plasterer in the post-war boom was regarded as a symbol of extravagantly paid labor. Yet society is not helpless even against the plasterer. A leading architectural research organization predicts that in the future plaster walls will be supplanted by metal walls. If so, the plasterer will become as obsolete as the driver of horse cars or the makers of hoop skirts.

ONE OF the contradictions, which makes business delightfully human, is the report that the chief medical officer of an international corporation, with vast investments in sugar plantations, has ordered employees of the company to cut down on the amount of sugar in their diet.

The cycle will not be complete until the company which counsels consumers to reach for a cigaret instead of a sweet posts a "no smoking" sign in its factories.

IS THE law of economics a mere by-product of advertising? Some buyers

of white space evidently think so. They also think that advertising can turn the course of rivers and of human events.

The musicians' union has made a large appropriation to tell the public of the injustice of laying off artistic flute players and violinists by talkie theaters which are offering canned music instead.

The advertising appeal recalls to my mind the huge signs which independent cigar stores hoisted up two decades ago when the competition from the chain stores first became keen. The independent merchant made emotional appeals to the public against the heartless trusts, which were crowding them. But consumers were interested in getting fresh merchandise at low prices, and gradually the signs were taken down.

Change in economic institutions and shifts in fashion are inevitable, and there is little profit in paying tribute through expensive advertising to the good old-fashioned ways of doing things. It is much better business to observe consumer tastes, and seek to adjust production to what the fickle public desires, always trying to lead patrons forward to something better. Sentimental appeals to stand pat, however, are futile.

NOW THAT the country has gradually freed itself from the effects of the war, it is timely to ask again, "Will America remain a creditor nation?" The accident of war made America a great world creditor for the first time. And yet the country still retains many of the characteristics of a debtor nation. Last year, these debtor characteristics were emphasized and, though the vast majority assume that America is destined to remain a great creditor nation, a few of the experts are beginning to question this.

If the United States is regularly to take tribute from the rest of the world in the form of interest and dividends, it would ultimately have to accept the currency of merchandise as payment. And yet the business men of the country want to build up bigger export markets. The nation has customarily had a favorable balance of trade, and still wants one. Such an aim is somewhat inconsistent with the ambition to remain a creditor. Moreover, the continuance of the high-tariff tradition is likewise a barrier to the creditor role.

Before the war, England was the model creditor nation. In addition to being willing to accept a balance of imports, England had another important quality. It was accumulating capital in excess of domestic requirements. It was

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1904 - 1929

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The National City Company

National City Bank Building, New York

INVESTMENT SECURITIES



IF YOU ARE AN EXPORTER and use export statistics, you may be interested in reading a pamphlet on

Accuracy on Export Statistics

which has recently been published by the Foreign Commerce Department of the United States Chamber of Commerce. We shall be glad to send you a copy of this folder free on request.

FOREIGN COMMERCE DEPARTMENT
UNITED STATES CHAMBER OF COMMERCE
WASHINGTON, D. C.

therefore a matter of necessity for the pound sterling to roam around the world. But in this country the opportunities for domestic employment of capital have by no means been exhausted, even in normal years. Of course, last year, the bull market not only attracted free capital at home, but also acted as a market for balances from all parts of the world. In 1929, America imported, rather than exported, capital.

As for the longer future, Americans will have to make choices. They will have to choose between trade and financial objectives. One possible compromise would be to fund the long-term debt over an extremely long term of years, and flatten out the payments which will be received as a creditor. Then on short-term transactions, America could become a debtor, as it was last year, at times of peak requirements here.

ALTHOUGH George L. Harrison, governor of the Federal Reserve Bank of New York, is a brilliant young central banker, he lacks the authority and prestige in the System which his predecessor, the late Benjamin Strong enjoyed.

Mr. Strong was undeniably the strongest personality in the System, and his influence vastly exceeded his technical authority. Besides being a sagacious banker, with wide personal contacts in New York, Mr. Strong understood the practical politics of the System. He always had unlimited faith in his own ideas, feeling that they corresponded with the public welfare. He knew the peculiarities of the individual politically appointed members of the Federal Reserve Board, the body which had to ratify decisions. He had a gift for making each member feel that proposals would achieve the objectives in which the individual was especially interested.

For example, he would tell Edward H. Cunningham, the dirt farmer on the Board, how a change in rediscount policy would benefit the farmer, and, in speaking to George R. James, former southern merchant, he would emphasize the probable beneficial trade results. Mr. Harrison, who was Mr. Strong's right-hand man, was trained as a lawyer, and when he appears before the Board the members get the idea that he has presented an effective brief, and then they begin to wonder about the other side of the question.

The passing of Mr. Strong and the replacement of D. R. Crissinger by Roy A. Young as governor of the Federal Reserve Board has resulted in a shifting

of power. It is now felt that Mr. Young is the most influential Federal Reserve executive.

IN CONNECTION with the announcement by the Interstate Commerce Commission, in accordance with the Transportation Act of 1920, of a plan for consolidating the railroads of the country into 19 systems, plus two Canadian lines, some skepticism has been expressed concerning the feasibility of remolding private corporations in accordance with any rigid pattern originating from the outside.

Julius Grudinsky, of the Wharton School, University of Pennsylvania, in a forthcoming book on railroad consolidation, decries the political efforts toward "hothouse" consolidations, arguing instead for natural mergers on the initiative of corporate owners and executives, saying:

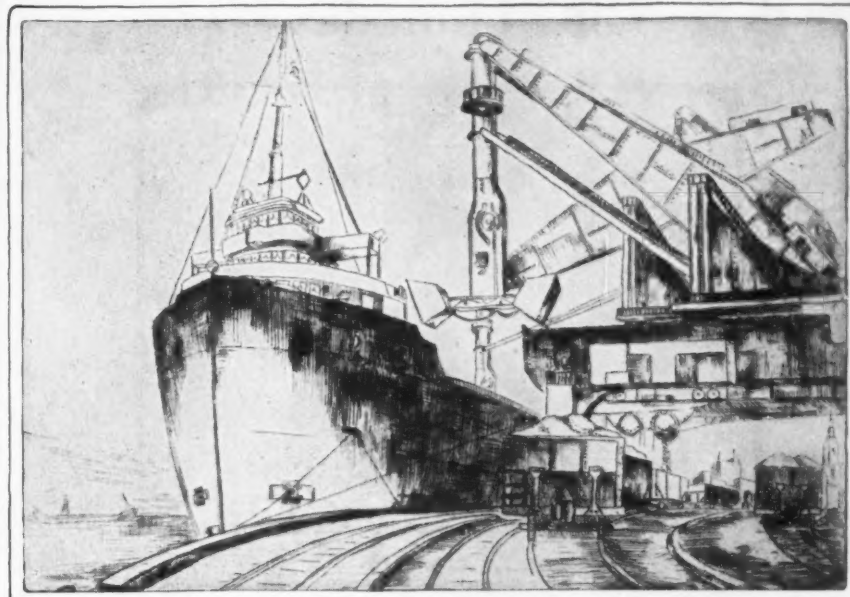
"It is therefore better to permit, and encourage, the development of acquisitions and unifications along sound business lines; so long, that is, as they do no harm to what is considered the 'public interest.' If an opportunity to divert traffic appears, a unification will be arranged. If, as a result, another road is not vitally injured, and the shipping public is not deprived of access to established markets, then the proposal is in the public interest.

"If the unification, sound in itself, seems to carry with it possibilities detrimental to the public interest, the Commission has shown itself capable of inserting conditions calculated to meet the situation.

"What is vitally needed, however, is a further grant of authority to enable the Commission to supervise every change in common-carrier control which carries with it the possibility of diverting traffic. For this is the chief means whereby consolidation affects the earning power of railroads. With this added power and its present twofold restriction upon its existing power removed, the Commission will be adequately equipped to control the unification process.

"The evolution of complete consolidation will not be completely held up. Some have been effected under existing statutory authority. With the removal of the mandate for the plan and of the valuation provision, others will be effected. Those unifications opposed by dissenting share-holders will not graduate into the class of complete consolidations. The resultant public loss will not be great; and their consummation may well await the evolution of the major unifications."

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We're All from the South on Thursdays



TO the initiated, Thursday is a day to look forward to and dream about, for that's the day Hotel Cleveland serves individual "Chicken Pie—Southern Style".

Meaty morsels, ready to melt in your mouth, of white breast and juicy second joint of tender young pullets. Choice Idaho potatoes boiled and cut fine. Fresh young celery, and a few cubes of broiled pork for zest and flavor. A dash of spice for seasoning, a sauce of chicken broth, cream and onions; the whole capped with flaky pastry, baked in a slow oven for an hour, and served piping hot.

With a treat like this, no wonder southern hospitality was far-famed!

Chicken Pie is served every Thursday noon, in the Main Dining Room and Bronze Room of Hotel Cleveland. A generous meal in itself —\$1.10.

The surroundings are part of every meal

The quiet, luxurious surroundings, the deft but unobtrusive service, the well-known discriminating men and women



at the tables nearby, all play their part in making the Cleveland such a delightfully satisfying place to lunch or dine.

Hotel Cleveland

Public Square • Cleveland

1000 rooms, 150 of them at \$3

Directly connected with Cleveland's new Union Terminal railroad station, and in the heart of Cleveland's vast new business development.

This House is Built Like a Tree

(Continued from page 44)

button. An inrush of air fills the door, it closes tightly. Press another button and the door collapses, rolling up like a curtain.

Walls are to be of the most suitable material. The bathroom with its fixtures is cast in one-piece casein. Floors, walls, wash basin, tub—all will be moulded at a single operation and hung to the mast where water inlets and outlets have been prepared. The beds, couches and as much other furniture as possible also will be poured as part of the walls. Upholstery will be of inflated material.

In the proposed house the electric lights do all the heating. An even temperature is maintained regardless of blazing sun or numbing blizzard. You can't raise a window in this structure though the outside walls are entirely of transparent panes. Air enters through the top of the mast. It is washed clean of dirt and germs, heated and then allowed to circulate through the rooms.

The lights are in translucent ceilings at the mast. They heat the air as it streams into the chambers. Since the flow of the air is downward and the tendency of heat is to rise, the heat is suspended and kept though the air continues to circulate and is always fresh.

Lighted by a single bulb

A SERIES of prisms and reflections spread the light of a single bulb evenly over the entire ceiling through which it delivers a diffused glow into the rooms. Colored shutters will enable a hostess to flood her chambers with any shade of light she desires. If she is angry because her husband plays an extra round of golf, she can turn on the red shutter. "This house," Mr. Fuller declares, "is a machine to be lived in. It is more easily understood when explained that way."

The advantages he claims for the proposed Dymaxion residence are important enough to alter the entire course of the human race. He has achieved what he sought for years—a conception of a house that can be manufactured in parts, these parts to be quickly assembled at any point. He estimates that a crew of men could put together one of these structures in 24 hours. Duplicate buildings could be erected in Calcutta, Argentina, California or Connecticut.

Mechanically they would be com-

plete. The motor which provides current for the lights and raises the elevator also does the cooking and washes the dishes. The plan includes an automatic laundry machine in which you place single garments and get them back dried and cleaned in a few seconds.

The house will operate without servants. The motor will do all the drudgery. The house-wife only pushes buttons and pulls levers. Yes; this machine for living is intricate and must be watched. What if Junior drives a nail through the floor causing a blow-out? What if the elevator sticks? Here is the answer:

"This house is a service proposition like an automobile. It would be serviced ever so often. If anything went wrong meantime an expert would come on a hurry call to repair the damage."

Safe, sound and inexpensive

BESIDES abolishing servants, other boons are promised by the inventor:

The house would be proof against earthquake, flood, fire or hurricane. Mr. Fuller estimates his proposed house can stand a 1,000 mile-an-hour wind—far greater than any tornado.

No burglar can get into the Dymaxion house since it is sealed when the elevator is up.

The house would cost little. Mr. Fuller hopes it will be sold by the pound. It is said that if Henry Ford had built one car of his new model it would have cost 43 million dollars. Reproductions of the first unit sell for \$500, or about 22 cents a pound. Mr. Fuller estimates the weight of his house at 6,000 pounds. He thinks it ought to retail for no more than 50 cents a pound, or \$3,000 complete.

The house could be operated for \$5 a month.

Many stories could be hung from one mast at small additional cost.

In discussing his model, the inventor emphasizes this fact—he has included in his plan no engineering principle that has not been tested and proven; he has mentioned in his materials no fabric or synthetic combination not already tested for wear and dependability.

Perhaps people would not want such rigid standardization in houses. Perhaps men and women would rebel against living in triangular rooms. Maybe it would be too easy for a vicious person to wreck his neighbor's home. At any rate, here is Mr. Fuller's entertaining and revolutionary idea. Friends are so greatly interested in getting it before the country that they hope to build a full-size model at the forthcoming Chicago World's Fair.

The New York Trust Company

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Is Your Business a Schoolroom?

(Continued from page 53)

language of education, which runs simply as follows—every citizen is there, not merely to be educated, but to help in educating.

Just as the office of a president or a prime minister is meaningless unless the whole body of the citizens participates actively in the government he heads, so the school master or the professor is fully effective only when the entire community stands actively behind him.

I will even venture to add that democracy will remain incomplete, and a failure at many important points, until the political conception of the citizen has been crowned with the educational conception of him as I here define it. Such is the mental readjustment—the first step to real continuity in the work of education. The next step must, I suppose, be called moral.

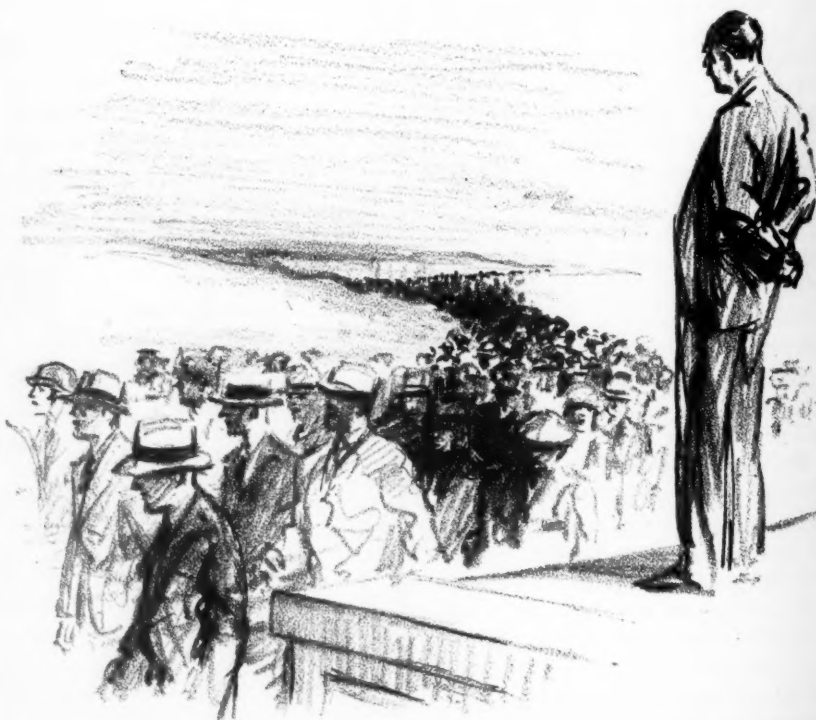
There is little hope of a general movement in the direction I am indicating unless the passion for excellence, which now exists in spots and patches only, can be brought to the point of displacing the mercenary notion of industrial society and becoming the driving power of the common life. Here, too, there is no reason to despair.

Amid much that tells a contrary tale there are indications that the passion for excellence is an increasing power among the motives that determine the currents of industrial civilization. There are rumors of it in every well conducted industry; there are visible signs of it in the shop windows; what is called "the betterment of conditions" is a by-product of it; schools and colleges are becoming aware of its importance; and even the churches are beginning to find that the passion for excellence is the vitalizing principle of whatever gospel they have to preach.

Continuing our education

OTHER mental and moral adjustments may be necessary. But those I have named are enough to start us hopefully toward the higher continuity, the lack of which is the present tragedy of education. From the moment we take the two steps just described our whole conception of what is meant by education begins to change.

We no longer think of the mass of the citizens, young and old, as so much raw material waiting to be operated upon by professional educators. We



We no longer think of the mass of the people as so much raw material waiting to be operated on by professional educators

think of them, rather, as cooperating with one another in a vast enterprise of mutual education, as combining to assure its continuity, and to keep it up, just as we do in the parallel case of political democracy.

I have no hesitation in saying that the task confronting the Adult Movement at present is, precisely, to effect that change—to broaden both the theory and the practice of education from that of an operation confined to school teachers to that of a social undertaking in which every citizen takes his part both as teacher and learner.

How is the citizen to play the part which the educational conception of citizenship assigns him? In what way can he contribute, as a teacher, to the education of his community?

He can do it, and must do it primarily and essentially, through the medium of his daily work. The citizen's vocation is his teaching instrument, or the medium through which he contributes to the education of his fellows.

The professorship of excellence

THE principle of his action is equally simple. He rises to the status of a citizen-educator in proportion as the work of his vocation is done with all the excellence he is capable of putting into it. His function as citizen-educator is to be a professor of practical excellence in regard to the goods which his vocation undertakes to produce and the service it undertakes to render.

All vocations of any social value are capable of being raised in this manner to the level of educational agencies.

But while no class of workers exists in an industrial society for whom there is no difference at all between the worst and the best ways of doing their job, there is one class, at least, for whom the difference is literally immense—the business men. They are the real leaders of industrial society.

If they lead us feebly and crookedly nobody else is likely to lead us vigorously and straight. If they fail to play their part as professors of practical excellence all the schools and colleges can do will amount to little; the work of education will be broken off short.

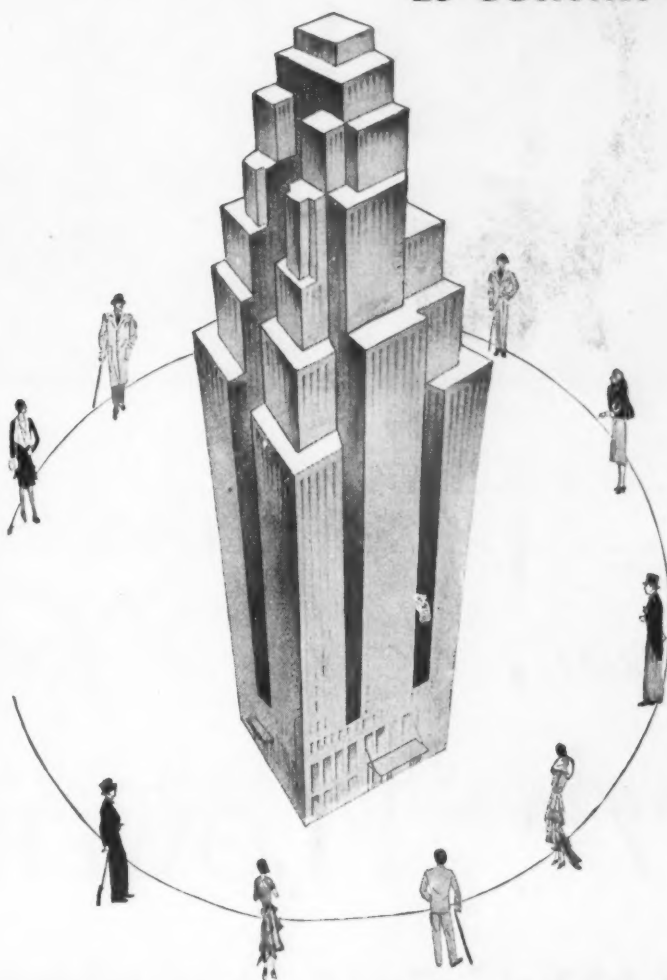
The business men have an important part to play in establishing the "continuity" we are in search of.

In my dream of the future—for that is perhaps the best way of putting it—the day-by-day business of the nation will be transformed into the training school of the nation's citizens.

The subjects taught will be the major virtues of mankind, efficiency, thorough-

IT HAS BEEN DONE!

...although they said
it couldn't be



"Such a thing in the largest hotel in the metropolis is impossible," they said when they were told of The New Yorker idea in hotel living. But this idea of "individualized service", which creates in modern hotel-living a comfort and ease, a friendly hospitality refreshingly old-fashioned in spirit, has been strikingly successful.

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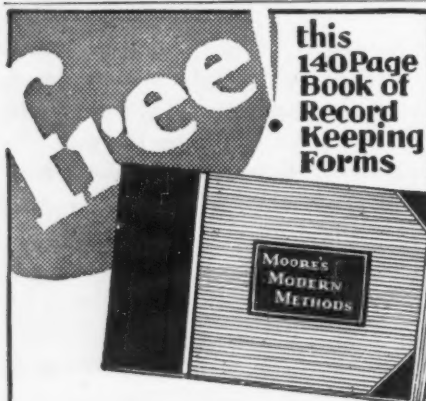
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While at Pinehurst this winter, journey around to nearby towns. You'll discover some interesting production factors which few locations have. Or better yet, write us for the facts on Central Carolinas. Please name your product and the volume desired.

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POWER & LIGHT COMPANY
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SERVING CENTRAL CAROLINAS AND WESTERN NORTH CAROLINA

ness, sound workmanship, trusteeship and skill (which includes intelligence and character), all summed up in the one word "excellence"; and these subjects will be learned in what Carlyle describes as the only effective way of learning anything—by doing it.

These "workshop training schools" will be vastly more prosperous than the workshops of today.

I claim Mr. Ford as an illustration of my thesis. He is not only a great business man, but an educator of business men. He is out for excellence in his own line, and though his ideals (and perhaps his methods, too) leave something to be desired, he makes the pursuit of excellence in his line an incentive to others to pursue it in theirs, which is the secret of all sound education.

No threat to the schools

WHEN this dream comes true, and I think one day it will, the schools and colleges will not be superseded. They will be doing their work with invigorated energy, with expanded hopefulness.

And for this reason: People begin to desire culture when they have learned something about the "best" in the only way in which anything can be effectively learned—by doing it in the ordinary course of the day's work.

The "best that has been thought and said" has always been "thought and said" about the kind of thing that such people are familiar with, that is, about excellence in one or another of its endless forms.

Great literature and great art have excellence for their theme, and are themselves among the highest examples of excellent performance.

It follows that, when the spirit of excellence has entered into a nation's business, through the cooperative efforts of its citizens' educators, and so has become a vitalizing force in community life, a demand will inevitably spring up for all the "best" things that culture has to offer, whether in literature, art, science or philosophy.

Such a community will not only be hungry for the best but a good judge of what the best really is.

The professional educator, who offers the best to that community, will be sure of good business and a quick response; the schools and colleges, far from finding their occupation gone, will be working under high pressure to supply the public demand for "the best that has been thought and said" about all excellent things in the universe and all excellent deeds in the history of man.



Mural by Arthur Cosey. Wood block engraving by Howard McCormick

GREAT manufactories, towering skyscrapers, moving trains and motors, mighty ships—achievements of man that typify the work of the grinding wheel.

Yesterday, the mechanic with steel against steel slowly and laboriously milled his stock.

Today, grinding wheels and grinding machines fashion even the hardest steel alloys to mechanical perfection on a mass production basis.

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On the Business Bookshelf

THE Business Letter Institute has published an interesting boxed set of books for salesmen, "The Salesman's Idea Incubator."¹ We can think of several reasons why salesmen might read and like these books, but the most important is probably their convenient size—they can easily be carried in a pocket and read during the inevitable waits in anterooms.

The first volume, "The Joy of the Job," is inspirational.

The second volume is "Famous Sales and How They Were Made."

The third, called "The Road that Leads to Sales Success," deals with the fundamentals that insure success in salesmanship.

The fourth, "Salesmanship Goes Modern," gives a few of the trends of salesmanship in this faster, airplane age. Repeat orders and permanent business are sought rather than immediate orders, we are told, also that the practice of "outsmarting" the buyer with glib words is coming into disuse among the better salesmen.

AVARD LONGLEY BISHOP has written a book on the financing and operation of business enterprises. It is based on experience both in teaching and in consulting in the general field it covers.²

The book deals first with the organization and classification of business enterprises, next with the organization and launching of new business enterprises and finally with the internal management of going business concerns. Many important financial phases of business are authoritatively and interestingly discussed.

CHARLES MERZ, author of "The Great American Band Wagon," has written a glorification of Henry Ford. The book, "And Then Came Ford,"³

¹The Salesman's Idea Incubator, by Maxwell Droke. Business Letter Institute, Inc., Indianapolis. \$3.98 a set of four volumes.

²The Financing of Business Enterprises, by Avard Longley Bishop. Harper & Brothers Publishers, New York, 1929. \$5.

³And Then Came Ford, by Charles Merz. Doubleday, Doran & Company, Garden City, New York, 1929. \$3.

deserves a longer review, but the description needs no elaboration.

Illustrations by Harry Cimino, a frequent art contributor to NATION'S BUSINESS, lend added color to Mr. Merz's very readable book.

Recent Books Received

Applied Business Finance, by Edmond E. Lincoln. McGraw-Hill Book Company, New York, 1929. \$5. Fourth edition, revised and enlarged.

A Financial Plan for the Prevention of War, by Sir Henry Strakosch. London General Press, 8 Bouverie Street, London, E. C. 4. 1/-.

Business Statistics: A Book of Cases and Materials, by Joseph Lyons Snider. McGraw-Hill Book Company, New York, 1929. \$5.

General Sales or Turnover Taxation. National Industrial Conference Board, Inc., New York, 1929. \$2.50.

The Bureau of the Census, by W. Stull Holt. The Brookings Institution, Washington, 1929. \$1.50.

A New Era for British Railways, by Howard C. Kidd. Ernest Benn Limited, Bouverie House, 154 Fleet Street, London, E. C. 4., 1929. 7/6.

Up-to-Date Salesmanship, by Herbert N. Casson. The Efficiency Magazine, Kent House, 87, Regent Street, London, W. 1, 1929. 5/-.

Brooks-Bright Prize Essays—1929. Published by the Brooks-Bright Foundation, New York, 1929.

Problems in Accounting Principles, by Ross Graham Walker. A. W. Shaw Company, Chicago, 1929. \$5.

Selling Mrs. Consumer, by Mrs. Christine Frederick. The Business Bourse, New York, 1929.

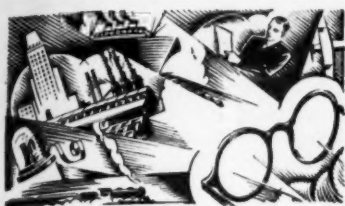
Electrical Utilities, edited by William E. Mosher. Harper & Brothers Publishers, New York, 1929. \$4.

The Meaning of Life, by Herbert N. Casson. The Efficiency Magazine, Kent House, 87 Regent Street, London, W. 1, 1929. 5/-.

Up-to-Date Manufacturing, by Herbert N. Casson. The Efficiency Magazine, Kent House, 87 Regent Street, London, W. 1, 1929. 5/-.

Credit and Collection Principles and Practice, by Albert F. Chapin. McGraw-Hill Book Company, New York, 1929. \$4.

THROUGH THE



EDITOR'S SPECS

IN A well-known essay, George Bernard Shaw admits that he is a very good dramatic critic, because he knows when he sees a play exactly what the writer is trying to achieve with his drama. The point seems well taken. At least, it ought to be true.

Perhaps something the same can be said for American business. It can be its own best critic, and prove its wisdom in so being. The professional agitator or politician can hardly be expected to know where business is striving to get as well as business itself. No one can measure the stature of a successful grocer or banker as well as another grocer or banker who knows the troubles and triumphs of such activities.

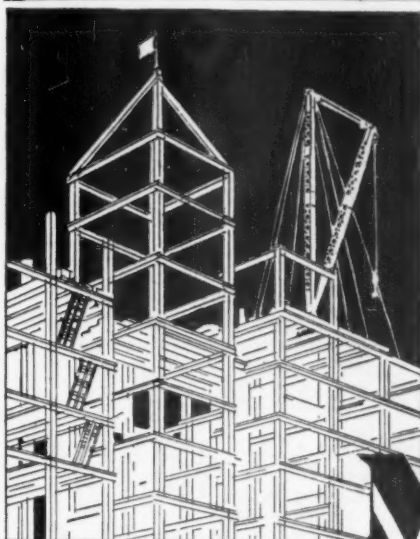
More and more, business seems to be judging itself according to its own fair but rigorous set of values. Criticism of particular businesses by interested business men is not always of the mush and milk sort which goes under the label "constructive."

On the time-worn but sound theory that a good letter is interesting, you will find such criticisms at times in this department devoted to letters from readers. At times, too, the criticism may be directed specifically or generally against the magazine itself. These we shall continue to take to heart—and print.

♦
JOHN B. WEISHAAR, master mariner, sail and steam, with 20 years on the seas, writes to criticize William McFee's article, "Ships, Sentiment and the Balance Sheet," remarking that "this article, directed against the American Merchant Marine, had all the earmarks of malicious propaganda." He adds

I was wondering whether this eminent author of sea tales had written the story about ten years ago and finally had succeeded in placing it in the November issue of NATION'S BUSINESS. Certainly Mr. McFee is about ten years behind in his remarks and criticisms of the American Merchant Marine.

Mr. McFee enjoys a wide reputation for his literary ability, and as author of



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FOR an accurate barometer of business conditions see the Map of the Nation's Business on page 34.

sea stories. It is hard for me to realize that a man of his type should write an article in which he shows such slight knowledge of the American Merchant Marine as it exists today. I do not want to be too hard on Mr. McFee, but it seems to me that, reading between lines, the psychology of the sailor crops up and he joins the ranks of the typical British seaman, many of whom look upon the American Merchant Marine with utter contempt.

Further comment on the McFee article comes from Malcolm M. Stewart, chairman of the Middle West Foreign Trade Committee, Cincinnati, who says:

The principal part of the article is a criticism of American seamen. It appears perfectly natural for a British seaman to criticize the American seamen.

I regret to state that our Middle West Foreign Trade Committee felt keenly the continued attacks upon the American Merchant Marine that appeared in Nation's Business over a period of years; and it was sensed at the last meeting that it was time for such a distinguished journal to look more carefully to the American side of these questions; and at least to be sympathetic with those who are endeavoring so hard to build American commerce abroad, which is dependent, in a large degree, upon an American Merchant Marine.

SELDOM are anonymous communications given consideration, to say nothing of space. However, we break with tradition in printing the following letter. This is done advisedly, because we have a strong suspicion that the writer would have signed his name had he not feared that his wife would happen to see his utterance. Says our correspondent, who admits being a subscriber:

Your editorial on page 12 of the November issue, entitled "Our Feminine America," should have been longer and by far it did not give the American women the rap they have so surely earned.

During this decade women's rights have been so much talked of that it almost seems as though men no longer have any. It is about time someone started a National Men's Party to offset the contemptible attitude of the National Women's Party who freely admit that they are out to bring about the dominance of women.

A CAREFULLY studied comment on mergers in general comes from Edward A. Filene, president of Wm. Filene's Sons Company, Boston, who writes:

Mergers, to be successful, must not imitate the typical German cartel, whose profits are largely calculated upon the elimination of competition, rather than upon improvement of processes, better management, and other services to the public. It seems clear to me that modern mass production and distribution, as typified by those mergers which are based upon the scientific business principle of



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service, will not tend to strengthen Socialism and Communism.

On the contrary, the masses will like the conditions which they will bring about—the greater and greater service made available to everyone, and the higher and higher plane of general prosperity—and they will bring to such businesses a loyal and hearty cooperation. For they will see then what, unfortunately, all business men do not yet clearly see, that real profits cannot be taken from the people, but are the measure, rather, of the service which is given them.

When business thoroughly perceives that the largest total profits can come only from the smallest profit per unit—that business is sound only as it gives the greatest values to the greatest number of people—the business system will not be subject to the traditional misunderstandings upon which Socialism and Communism have been based.

WE THOUGHT that certain members of the English government might be interested in the two articles by Matthew Woll which appeared in NATION'S BUSINESS recently. To a selected group went reprints, together with requests that these men make any comment they might wish. All were interested in this expression of American labor philosophy. Not all agreed with the views expressed by Mr. Woll. Among the latter was F. R. West, Member for North Kensington, London, a Laborite, who writes:

Thank you for the booklet by Matthew Woll, which I have just finished reading.

I think it illustrates the contention that, however advanced American thought and economic life may be politically, you are a century behind the times. English Labour leaders were writing this sort of stuff in the middle of the 19th century.

The whole trend of the articles is to glorify private enterprise and decry public enterprise. Well, I have some experience of both. I type this letter in the Royal Borough of Kensington with the aid of electric light produced by a private company charging 5½d per unit.

Across the road is Hammersmith, where the ratepayers have a public municipal plant and pay 3½d for lighting and 1d for power. I am such a fool as to believe that 3½d is cheaper than 5½d.

You will see therefore mine is a hopeless case according to the philosophy of Matthew Woll.

DO READERS like our style of presenting the editorial text? Have the illustrations achieved their purpose of adding interpretation and interest to the articles they embellish? On the whole, we are inclined to feel that these questions both may be answered affirmatively.

Peter Foley, executive secretary of the Norwalk, (Conn.) Board of Trade takes a different view, however. He says:

I wonder if you would like to have a frank comment of NATION'S BUSINESS from one of your new and humble readers? Assuming that you would, here is my reaction after six months' experience.

I like many of the articles and find them very informative, but I am very much distracted by the large amount of illustration and ornamentation found in its pages. I like the make-up of *Time* and the *United States Daily*, and am able to grasp quickly the importance of various articles published in these publications, and can easily select those that appeal to the various interests which we serve.

I am well aware that you are appealing to a very diversified group of subscribers, but you undoubtedly have facilities for checking the suggestion contained herein, and determining whether any appreciable number of your readers happen to share this view.

A HIGHLY esteemed contributor to NATION'S BUSINESS is Vice President F. W. Shibley, of the Bankers Trust Company, New York. Mr. Shibley has the following to say about a December article:

I have read the very interesting article by Dwight T. Farnham on "Factors Which Make a Merger Sound." It is lucid and comprehensive and I am fully in accord with his views.

In a recent address at Pittsburgh, Pa., to the national convention of the Robert Morris Associates, I stated the case as follows:

"We think of business evolution as a progressive movement along a way determined by the necessities and the innumerable requirements of human existence. We know that in every evolutionary process there comes a time when diversified growth gives place to concentration and integration, when the parts coalesce and grow together.

"Business in this country in its earlier days was decidedly individualistic. Gradually throughout the past 50 years the American people have been learning to work together, forming groups, societies, associations and corporations for that purpose. Within the last few years in particular we have observed a manifest tendency toward a broader cooperation impelled by an apparent economic necessity to get costs down and wages and all other forms of rewards for industry up so as to create an increased consumer purchasing capacity to absorb the products of the soil, of the mines, the forests and the factories, which have been multiplied by the genius of this remarkable commercial race.

"The producers of power and light are integrating, interlocking their separate corporations in great chains of super-power and light corporations which will enable them to operate at the maximum of efficiency and the minimum of expense.

"Banks are consolidating in a remarkable way throughout the country. Industrial corporations are continuing to merge. Even distribution is integrating and concentrating in chains of various kinds.

"Strange to relate we hear no loud outcry in opposition to these powerful groupings of producing and merchandising corporations. The reason appears to be that

the mass mind of this country is satisfied that this concentration of wealth and power is to the advantage of the people generally, realizing that the people have the power to curb these gigantic aggregations of integrated power when necessary. Seemingly it is taken for granted that the economic law, to the effect that the maximum of profit is derived from the greatest diversification of wealth, is in itself a governor infinitely more potent than statutory law.

"The mass mind, that inscrutable intuitive national intelligence, realizes apparently that this evolutionary integrating movement is leading to the creation of a true form of social democracy in this country under which the veto power shall be in the hands of the people, but leadership and executive management shall remain in the hands of the capable and the wise. For it is becoming recognized generally that corporations must be of great size to command the ability in leadership which is a primary requisite of modern business."

In my opinion the people who are opposed to sound economic mergers simply because they lead to the concentration of business power into few hands are ignorant of current trends. Anyone can oppose an economic movement, but no one can stop it.

IN OUR island possession in the Pacific, Hawaii, 350 subscribers read NATION'S BUSINESS. Perhaps our hopes of increasing this number is well founded, if many hold the opinion of one of the Honolulu subscribers, G. S. McKenzie, president and general manager of the Honolulu Dairymen's Association. He writes:

Almost, if not from the very first publication of NATION'S BUSINESS, it has been my privilege to be a subscriber and I have looked forward always with interest to the arrival of each copy.

I don't know of any other periodical that has within its cover so many fine, practical and inspiring articles from men who have had national and international experience in commerce connected with every type of industry.

The very greatest of *Aloha* and good wishes for your continued success.

IN THE same mail came from the other side of the world the kind words of a German subscriber, Gebruder Strauss, of Frankfurt on Main:

We are subscribers of NATION'S BUSINESS since more than a year and have found that reading this magazine gives an appreciable idea about American economic life and everything connected with it.

We believe that knowledge of this kind is of great value, especially for the commercial reader, and is helping in an excellent way to enlarge and deepen business relations with America. From this point of view we wish that the number of readers of your magazine, also in the countries abroad, will increase more and more.

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THIS is the twenty-first of a series of editorials written by leading advertising men on the general subject of «Advertising»

What Radio is to Byrd, Advertising is to Business

MOUNTING into the polar sky—off across unknown lands—Commander Byrd pressed on to his goal in confidence and comparative safety—because *he kept constantly in touch by radio* with his base camp, the source of his life and energy.

Today's business executive is hardly less an adventurer. Each year's business is a trip into the unknown. Tomorrow's market can never be mapped—an upheaval in trade customs or styles may drive the ship from its course. Vast new consolidations—new forms of competition rise up to threaten progress.

Yet through it all the pilot of a business *keeps in touch by advertising with the people who buy his product.*

Manufacturing methods may radically change—last year's designs may be thrown into the wastebasket—jobbers may go and chain stores come—but the manufacturer who makes a modern product and tells its story to the right people will always find his market.

Back in the "dog team and sledge" days of American business, advertising might not have been a necessity.

Things moved more slowly then. The sales message could be taken by salesmen and by word of mouth and still reach the prospect in plenty of time. Today the product might be obsolete—replaced by a new and different one—before the news could be carried down through jobber, retailer, and remote channels of trade by personal contact.

Modern business is an adventure in speed, and advertising is the accepted means of constant communication with your base market.

RAY H. GRISWOLD, President
Griswold-Eshleman Co.